

Global Markets Research
Daily Market Highlights

30 Nov: Investors await US data and Fed Chair's speech

US equities ended mixed to lower; UST yields and DXY rose

Hang Seng and CNY jumped on prospect of China's reopening

US consumer confidence fell for the second month; Europeans turned less pessimistic

- Stocks fell Tuesday as investors are watching for upcoming data later this week on 3Q GDP, core-PCE and jobs for insight into how the economy is performing. And they are waiting for Federal Reserve Chair Jerome Powell's scheduled speech at the Hutchins Center on Fiscal and Monetary Policy at Brookings on Wednesday for clues into whether the central bank will slow or stop interest rate hikes. As it is, Fed St. Louise President James Bullard repeated his call for additional interest rates to a level that will restrict economic growth, which he said sets the stage for a return to more ordinary monetary policy next year. New York Fed President John Williams, meanwhile, said that stronger demand for labour and in the economy than he previously thought and higher inflation suggest a modestly higher path for policy relative to September.

Dow Jones Industrial Average closed flat, the Nasdaq Composite was down 0.6% d/d, while the S&P 500 shed 0.2% d/d. Stoxx 600 also closed flat (-0.1% d/d). Stocks in Hong Kong closed higher by +5.2% d/d after Chinese health authorities will speed up COVID-19 vaccinations for elderly people which is regarded by crucial to reopening the economy. Meanwhile, the Nikkei 225 fell 0.5% d/d as retail sales data missed expectations and the nation's unemployment rate was unchanged from September.

- The 10-year Tuesday yield made up ground as investors closely watched Covid developments in China and digested comments from Federal Reserve officials on monetary policy plans. The yield on the benchmark 10-year Treasury yield was last up by nearly 6 basis points to 3.74%. The 2-year Treasury yield was also up 4bps at 4.48%.

It should be noted that BOE Governor Andrew Bailey also commented that the U.K. gilt market is "not back to normal" after the Bank of England intervened on Sep 28. Speaking in front of a lawmakers' committee Tuesday, the governor said the bank didn't want to buy index-linked gilts, but "had to solve" the problems triggered by former Prime Minister Liz Truss' mini-budget. The gilt market was "within an hour of having a severe problem" when the bank stepped in, the governor added.

- Dollar Index ended the day up slightly by 0.1% d/d to 106.82. The Aussie bounced back on Tuesday as sentiment improved on hopes that China would reopen from COVID shutdowns that have increased fears about global growth, while the U.S. dollar dipped slightly against the yuan and yen. The risk sensitive Aussie dollar, which is strongly tied to Chinese growth, was one of the best performing major currency, rising 0.6% d/d. The greenback

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,852.53	0.01
S&P 500	3,957.63	-0.16
NASDAQ	10,983.78	-0.59
Stoxx Eur 600	437.29	-0.13
FTSE 100	7,512.00	0.51
Nikkei 225	28,027.84	-0.48
Hang Seng	18,204.68	5.24
Straits Times	3,276.36	1.12
KLCI 30	1,476.96	-0.64
FX		
Dollar Index	106.82	0.14
EUR/USD	1.0330	-0.10
GBP/USD	1.1952	-0.06
USD/JPY	138.63	-0.23
AUD/USD	0.6688	0.57
USD/CNH	7.1406	-1.47
USD/MYR	4.5110	0.61
USD/SGD	1.3736	-0.41
Commodities		
WTI (\$/bbl)	78.91	3.10
Brent (\$/bbl)	83.70	1.36
Gold (\$/oz)	1,748.30	0.46
Copper (\$\$/MT)	8,044.00	0.80
Aluminum(\$/MT)	2,381.50	0.32
CPO (RM/tonne)	4,033.50	-0.97

Source: Bloomberg, HLBB Global Markets Research

weakened 0.2% d/d against the yen and 1.5% d/d against Chinese yuan. The euro and sterling were relatively flat at -0.1% d/d against USD. Ringgit weakened 0.6% d/d against the Dollar, back above the 4.50 handle.

- Oil steadied on Tuesday on hopes for a loosening of China's strict COVID-19 controls while investors speculate if OPEC+ would keep its output unchanged at its upcoming meeting on Dec 4. Brent was up 1.4% d/d, while the West Texas Intermediate (WTI) gained 3.1% d/d. Investors crude futures were 53 cents higher at \$77.77. Gold prices, meanwhile, rose 0.5% d/d.

US consumer confidence fell for the second month, mixed home prices

- US consumer confidence fell for the second month in November, likely attributable to the upswing in gas prices. The Conference Board's consumer confidence index measured 100.2 for the month, lower than the downwardly revised 102.2 in October and lowest level since July. Still, it came above consensus estimate at 100.0 and a reading above 100 indicates an optimistic attitude toward the economy and higher propensity to spend. It should be noted that inflation expectations increased to their highest level since July, with both gas and food prices as the main culprits. Intentions to purchase homes, automobiles, and big-ticket appliances all cooled. As such, the combination of inflation and interest rate hikes will continue to pose challenges to confidence and economic growth into early 2023.
- After 2 months of contraction, the FHFA House Price Index unexpectedly rebounded to increase 0.1% m/m in September (Aug: -0.7% m/m), and was up +11.0% y/y. The S&P CoreLogic 20-City Composites, on the other hand, saw extended decline of 1.2% m/m (Aug: -1.3% m/m), as expected. House price gain however moderated on a y/y basis from +13.1% to +10.4%. All in, while housing markets has slowed down impacted by higher mortgage rates, prices are well above last year, although growth in prices has decelerated since then.

Eurozone consumer confidence turned less pessimistic

- Euro consumer confidence saw an improvement to -23.9 in November (Oct: -27.5) as consumers were more positive about their household's financial situation, both over the past twelve months and especially for the next twelve months. They also signalled increased intentions to make major purchases. Similarly, consumers' expectations about the general economic situation got more upbeat.

UK mortgage approvals fell to its lowest since June-20

- Bank of England data showed that mortgage approvals dropped more than expected by 10.6% m/m to 58,977 in October from 65,967 the prior month. This marked its second straight month of pullback to its lowest level since June-20, a sign of softening housing market hit by higher inflation and interest rates.

Vietnam's inflation stabilised at +4.37% y/y; spending remained resilient; production and exports slowed

- Vietnam's inflation rate expectedly picked up slightly to +4.37% y/y for the month of November (Oct: +4.0% y/y). The pick-up in prices were primarily driven by higher prices for petrol, food as well as rising rent. Consequently, core-inflation also accelerated to 4.81% y/y from 4.47% y/y. While we note that SBV last raised its key benchmark rate to 6.00% in October, the pace of increase in inflation has stabilised at around 4.0% (vs below 2.0% in June), suggesting that there will be less pressure for SBV to raise rates moving forward. With this, the market is expecting the rate to be maintained going into 2023.

- Industrial production, meanwhile, registered softer growth of 5.3% y/y for the same month, 1ppts lower as compared to October. Slower growth was reported across board, with the exception of mining and is in line with the slower export recorded for November. Exports registered a sharp contraction of 8.4% y/y, worse than consensus estimate's -2.3% y/y and prior month's +4.5% y/y. The contraction was led by a sharp fall in exports of fishing products, wood products, apparel, electronics & computers, camera & recording equipment, machineries and furniture. Consumer spending, nevertheless held steady at 17.5% y/y (Oct: +17.1%), driven by tourism-related activities.

House View and Forecasts

FX	This Week	4Q-22	1Q-23	2Q-23	3Q-23
DXY	103-108	115.00	112.70	110.45	110.00
EUR/USD	1.00-1.06	0.95	0.97	0.98	0.98
GBP/USD	1.16-1.24	1.10	1.10	1.11	1.12
USD/JPY	135-140	147.00	146.00	145.00	144.00
AUD/USD	0.65-0.69	0.62	0.63	0.64	0.64
USD/MYR	4.43-4.50	4.68	4.64	4.62	4.60
USD/SGD	1.35-1.38	1.45	1.44	1.42	1.40

Rates, %	Current	4Q-22	1Q-23	2Q-23	3Q-23
Fed	3.75-4.00	4.25-4.50	5.25-5.50	5.25-5.50	5.25-5.50
ECB	2.00	2.75	2.75	2.75	2.75
BOE	3.00	3.25	3.25	3.25	3.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	2.85	3.10	3.10	3.10	3.10
BNM	2.75	2.75	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
1-Dec	AU CoreLogic House Px MoM (Nov)	-1.10%
	US U.S. Federal Reserve Releases Beige Book	
	AU S&P Global Australia PMI Mfg (Nov F)	51.5
	JN Capital Spending YoY (3Q)	4.60%
	MA S&P Global Malaysia PMI Mfg (Nov)	48.7
	VN S&P Global Vietnam PMI Mfg (Nov)	50.6
	JN Jibun Bank Japan PMI Mfg (Nov F)	49.4
	AU Private Capital Expenditure (3Q)	-0.30%
	CH Caixin China PMI Mfg (Nov)	49.2
	JN Consumer Confidence Index (Nov)	29.9
	HK Retail Sales Value YoY (Oct)	0.20%
	EC S&P Global Eurozone Manufacturing PMI (Nov F)	47.3
	UK S&P Global/CIPS UK Manufacturing PMI (Nov F)	46.2
	EC Unemployment Rate (Oct)	6.60%
	US Personal Income (Oct)	0.40%
	US Personal Spending (Oct)	0.60%
	US Initial Jobless Claims	240k
	US Continuing Claims	1551k
	US S&P Global US Manufacturing PMI (Nov F)	47.6
	US Construction Spending MoM (Oct)	0.20%
US ISM Manufacturing (Nov)	50.2	
2-Dec	AU Home Loans Value MoM (Oct)	-8.20%
	EC PPI MoM (Oct)	1.60%
	SI Purchasing Managers Index (Nov)	49.7
	US Change in Nonfarm Payrolls (Nov)	261k
	US Average Hourly Earnings MoM (Nov)	0.40%

Source: Bloomberg

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