

7 November 2023

## Global Markets Research

### Daily Market Highlights

## 7 Nov: Equities continue to edge higher

### US equities indices edged higher

### Sovereign bonds corrected with yields heading higher, and USD marginally higher

### Weak Eurozone and UK PMIs to start 4Q

- Global financial markets continued to strike a positive tone as investors sifted through the latest economic data and company earnings. The three benchmark US equity indices continued to edge higher by 0.1-0.3% d/d, building on a rally that has pushed the indexes sharply higher over the past few sessions. In earlier Asian trading session, stocks finished in the green following through from the moves in the New York session on Friday. European bourses were down slightly, whilst UK stocks closed little changed for the day. Futures are pointing to mixed openings in the Asia markets today.
- Global bonds registered a correction from the moves we saw on Friday, pushing yields higher for the day, albeit still far from recent highs. The UST curve shifted higher by 4-10bps across the curve led by the front end of the curve. The benchmark 2Y UST yields rose 10bps to 4.93% while the 10s gained 7bps to 4.64%. 10Y European sovereign bond and UK Gilt yields also both rose to the tune of 9bps for the session.
- The Dollar Index saw a marginal gain of 0.2% for the day, as the USD rose against most of the G10s currencies, led by gains against the JPY (0.5%) and AUD (0.4%). In the Asian space, the USD was generally weaker, with MYR and KRW leading the gainers. The MYR surged by 1.8% for the day to close at 4.6430, a level last seen in early September, and is likely to remain bid.
- The global crude oil prices were little changed in trading on Monday, with the WTI and Brent crude last settling at \$80.90 and \$85.21/ barrel respectively. Saudi Arabia and Russia extended production cuts through the end of December as expected. Meanwhile, gold was lower by 0.8% for the session to close at 1,984.80 per troy ounce

### Eurozone PMI services matches flash estimates suggesting weak start to 4Q; Sentix investor confidence improves

- Eurozone final PMI for the services sector and composite PMI for October came in at 47.8 and 46.5, both matching the initial flash estimates released earlier, painting a bleak picture for the Eurozone economy to start 4Q. The composite PMI reading was the lowest since November 2020 and suggests that trying times lie ahead for the common currency area.
- The Sentix investor confidence index for November unexpectedly registered an improvement from the month before, led by an improvement in the investor's expectations in 6 months. The assessment of the present situation was little changed.

### UK construction PMI contracted for a second month

- UK construction PMI came in at 45.6 for October from the 45.0 reading the month before, a second straight month of contraction, suggesting a

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	34,095.86	0.10
S&P 500	4,365.98	0.18
NASDAQ	13,518.78	0.30
Stoxx Eur 600	443.52	-0.16
FTSE 100	7,417.76	0.00
Nikkei 225	32,501.84	-0.63
CSI 300	3,632.61	1.35
Hang Seng	17,966.59	1.71
Straits Times	3,180.53	1.17
KLCI 30	1,464.67	1.02
<b>FX</b>		
Dollar Index	105.26	0.18
EUR/USD	1.0718	-0.12
GBP/USD	1.2344	-0.29
USD/JPY	150.07	0.46
AUD/USD	0.6489	-0.37
USD/CNH	7.2826	-0.09
USD/MYR	4.6430	-1.78
USD/SGD	1.3506	-0.27
<b>Commodities</b>		
WTI (\$/bbl)	80.92	0.04
Brent (\$/bbl)	85.21	-0.02
Gold (\$/oz)	1,984.70	-0.76
Copper (\$\$/MT)	8,247.00	0.96
Aluminum(\$/MT)	2,286.00	1.31
CPO (RM/tonne)	3,662.50	0.30

Source: Bloomberg, HLBB Global Markets Research

\* Dated as of 3 Nov for CPO

challenging outlook ahead for the UK housing market. As a comparison, the index stood at 53.2 a year ago

#### Japan composite PMI revised higher

- The final composite Japan PMI reading for October fell to 50.5 versus the 52.1 registered in September. This was higher than the initial flash estimate of 49.9 released previously, and marked a tenth straight month of expansion. Sifting through the details, new orders fell to 50.0 from 50.4, its lowest reading since Jan 2023, while employment rose compared to the previous month.

#### House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DXY	104-108	107	107	106	105
EUR/USD	1.04-1.08	1.04	1.04	1.04	1.05
GBP/USD	1.21-1.24	1.20	1.20	1.20	1.21
USD/JPY	148-152	150	147	144	141
AUD/USD	0.63-0.66	0.64	0.65	0.66	0.67
USD/MYR	4.71-4.78	4.74	4.69	4.65	4.60
USD/SGD	1.35-1.38	1.38	1.37	1.35	1.34

Rates, %	Current	4Q-23	1Q-24	2Q-24	3Q-24
Fed	5.25-5.50	5.50-5.75	5.50-5.75	5.50-5.75	5.25-5.50
ECB	4.50	4.50	4.50	4.25	4.00
BOE	5.25	5.25	5.25	5.00	4.75
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.10	4.10	4.10	4.10	3.83
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

#### Up Next

Date	Events	Prior
7-Nov	JN Labor Cash Earnings YoY (Sep)	1.10%
	JN Household Spending YoY (Sep)	-2.50%
	AU RBA Cash Rate Target (Nov)	4.10%
	MA Manufacturing Sales Value YoY (Sep)	-3.30%
	MA Industrial Production YoY (Sep)	-0.30%
	MA Foreign Reserves (31-Oct)	\$108.9b
	EC PPI YoY (Sep)	-11.50%
	US Trade Balance (Sep)	-\$58.3b
8-Nov	CH Exports YoY (Oct)	-6.20%
	US Consumer Credit (Sep)	-\$15.628b
	JN Leading Index CI (Sep P)	109.2
	EC ECB 1 Year CPI Expectations (Sep)	3.50%
	EC ECB 3 Year CPI Expectations (Sep)	2.50%
	EC Retail Sales MoM (Sep)	-1.20%

Source: Bloomberg

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