

8 August 2023

Global Markets Research

Daily Market Highlights

8 Aug: Wall Street rebounded after a four-day slide

Berkshire Hathaway supported rally; 10Y UST yields rose amid upcoming supply

US consumer credit surged on non-revolving debt like autos; softer data from Japan

Oil prices fell despite heightened supply disruption risks

- A climb in Berkshire Hathaway and other blue-chip companies led a turnaround in Wall Street, sending the Dow Jones Industrial Average up 1.2% d/d. The S&P 500 advanced 0.9% d/d while Nasdaq posted a modest 0.6% d/d gain. Of note, Berkshire's class B shares climbed more than 3% d/d after its operating profit jumped more than 6% y/y, boosted by a strong quarter for its insurance operations as well as gains in investment portfolio. Tesla shares, meanwhile, weighed down on Nasdaq after the departure of its longtime CFO Zachary Kirkhorn.
- European stock markets closed mixed, with Stoxx Eur 600 closing marginally up by 0.1% d/d, but FTSE 100 slipped 0.1% d/d as the last of earnings season results rolled in and with two key inflation prints ahead. Similarly, trading in Asian markets was largely muted as investors looked ahead to China's inflation figures and trade balance later this week. Hang Seng index closed flattish, while CSI 300 was 0.8% d/d lower. Nikkei 225, on the other hand, rose 0.2% d/d.
- In the Treasuries market, the 10Y yield rose 6bps to 4.09%, while the 2Y closed flattish at 4.76%. The former has risen partly due to anticipation of a heavy slate of bond sales this week. 10Y European bond yields closed higher between 4-8bps.
- DXY was choppy and closed just above the flatline at 102.05. The index hit as high as 102.38 and was as low as 101.97 during the day. In Europe, EUR weakened slightly by less than 0.1% d/d after Germany's IPI contracted more than expected, but GBP strengthened 0.3% d/d. Asian currencies closed mostly weaker by less than 0.2% d/d each. MYR ended the day at 4.5600, while SGD closed at 1.3411. JPY depreciated by a larger quantum of 0.5% d/d.
- Oil prices slid between 1.0%-1.1% d/d as traders shrugged off risks of supply disruption. Sea drones hit a Russian oil tanker and naval vessel over the weekend, a critical route for Russian oil exports. Separately, Poland has also stopped shipping oil through a section of the Druzbha link running to Germany after detecting a leak.

US consumer credit surged on non-revolving debt

- Underpinned by non-revolving credit, consumer credit increased more than expected to \$17.8bn in July (June: \$9.5bn). Non-revolving credit, such as loans for school tuition and auto purchases, jumped \$18.5bn, the most in 8 months, while revolving credit, which includes credit cards, fell \$0.6bn, the first decline

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,473.13	1.16
S&P 500	4,518.44	0.90
NASDAQ	13,994.40	0.61
Stoxx Eur 600	459.68	0.09
FTSE 100	7,554.49	-0.13
Nikkei 225	32,254.56	0.19
Hang Seng	19,537.92	-0.01
Straits Times	3,309.87	0.53
KLCI 30	1,445.81	0.04
FX		
Dollar Index	102.05	0.03
EUR/USD	1.1002	-0.04
GBP/USD	1.2784	0.27
USD/JPY	142.50	0.52
AUD/USD	0.6573	0.05
USD/CNH	7.2012	0.19
USD/MYR	4.5600	0.13
USD/SGD	1.3411	0.12
Commodities		
WTI (\$/bbl)	81.94	-1.06
Brent (\$/bbl)	85.34	-1.04
Gold (\$/oz)	1,933.50	-0.31
Copper (\$\$/MT)	8,485.00	-1.03
Aluminum(\$/MT)	2,230.00	-0.11
CPO (RM/tonne)	3,825.00	0.74

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 4 Aug for CPO

in 2 years. This data suggests that while consumers may be starting to cut back on spending, the strong auto loans numbers suggest that spending has held up despite the higher interest rates.

Sentix Investor Confidence unexpectedly improved

- Sentix Investor Confidence unexpectedly improved to -18.9 in August (July: 22.5). Nonetheless, overall sentiment continued to be weighed down by Germany and the economy remains in recession mode.

Japan's Leading Index fell slightly; wages and household spending slowed

- Matching expectations, Japan's Leading Index edged down slightly to 108.9 in June (May: 109.1), while the overall assessment for the coincident index was maintained as "improving." The dip in the leading index was led by the small business sales forecast sub-index followed by new job offers and housing starts.
- Nominal cash earnings growth unexpectedly slowed to +2.3% y/y in June (May: +2.9% y/y), and in tandem with this, household spending unexpectedly weakened to -4.2% y/y (May: -4.0% y/y). The latest data suggests that sustained wage growth is losing steam, backing BOJ's ultra easy policy.
- Bank lending growth tapered off for the second month to +2.9% y/y in July (June: +3.1% y/y).

Malaysia's foreign reserves gained another \$1.1bn

- Gains in foreign reserves picked up in 2H of July, rising by \$1.1bn to \$112.9bn as of end-July (1H of July: +\$0.4bn). This reserves position is sufficient to finance 5.1 months of imports of goods and services and is 1.1 times the total short-term external debt.

House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DXY	100-104	102	101	100	99
EUR/USD	1.08-1.11	1.11	1.12	1.14	1.12
GBP/USD	1.25-1.29	1.29	1.31	1.33	1.30
USD/JPY	139-144	141	139	136	133
AUD/USD	0.64-0.67	0.67	0.68	0.68	0.69
USD/MYR	4.48-4.58	4.69	4.64	4.60	4.55
USD/SGD	1.32-1.36	1.35	1.34	1.33	1.33

Rates, %	Current	3Q-23	4Q-23	1Q-24	2Q-24
Fed	5.25-5.50	5.25-5.50	5.25-5.50	5.00-5.25	4.50-4.75
ECB	4.25	4.25	4.25	4.25	4.00
BOE	5.25	5.50	5.50	5.50	5.00
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.10	4.35	4.35	4.35	4.35
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
8-Aug	AU Westpac Consumer Conf Index (Aug)	81.3
	AU NAB Business Confidence (Jul)	0
	MA Manufacturing Sales Value YoY (Jun)	3.30%
	MA Industrial Production YoY (Jun)	4.70%
	JN Eco Watchers Survey Outlook SA (Jul)	52.8
	US NFIB Small Business Optimism (Jul)	91
	US Trade Balance (Jun)	-\$69.0b
	US Wholesale Trade Sales MoM (Jun)	-0.20%

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	US Wholesale Inventories MoM (Jun F)	-0.30%
	CH Exports YoY (Jul)	-12.40%
	CH Imports YoY (Jul)	-6.80%
9-Aug	CH CPI YoY (Jul)	0.00%
	CH PPI YoY (Jul)	-5.40%
	US MBA Mortgage Applications	-3.00%
9-15 Aug	CH Aggregate Financing CNY (Jul)	4220.0b

Source: Bloomberg

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