

9 October 2023

Global Markets Research

Daily Market Highlights

9 Oct: US nonfarm payrolls surpassed expectations

NFP unexpectedly rose above 12M average; jobless rate and earnings growth steadied

US equities and UST yields closed higher amidst volatile trade; DXY retreated

Another partial lifting on Russia's fuel export ban; all eyes on oil prices after Hamas' attack

- Stocks posted a stunning turnaround on Friday, after initially falling on the stronger-than-expected NFP data. At its session low, the Dow fell as much as 194 points but later rebounded by gaining nearly 600 points at the height of its rally. Nasdaq and the S&P 500 mirrored the same trend and closed near their intraday peaks. At close, the Dow gained 0.9%, NASDAQ rose 1.6%, while the S&P 500 closed 1.2% d/d higher. All the sectors were in the green for the latter, save for consumer staples.
- European stocks also ended the volatile session higher, supported by retailers while investors shrugged off the hotter-than-expected employment data. Stoxx Eur 600 and FTSE 100 closed up between 0.6%-0.8% d/d. Asian markets closed mixed with Hang Seng jumping 1.6% d/d, while Nikkei 225 fell 0.3% d/d.
- US treasuries yields came off their intraday highs, but still ended the day higher between 6-9bps across the curve. The 2Y closed up 6bps at 5.08%, while the 10Y closed up 8bps at 4.80%. European bond yields rose 1-5bps, save for the Danish sovereign bond yield which fell 1bps.
- DXY eased 0.3% d/d to 106.04 despite the blowout job report as investors were unconvinced of another rate hike. European currencies appreciated 0.3%-0.4% d/d, while Asian currencies closed mixed. MYR and SGD closed stronger between 0.1%-0.3%, JPY and CNH depreciated by 0.6% and less than 0.1% d/d respectively.
- Oil prices settled up around 0.6% d/d despite another partial lifting of Russia's fuel export ban. Russia announced that it had lifted its ban on diesel exports for supplies delivered to ports by pipeline. Companies must still sell at least 50% of their diesel production to the domestic market. Geopolitical uncertainties in the Middle-east triggered by Hamas attack on Israel pushed WTI and Brent to gap up above \$86 and \$88/ barrel respectively at point of writing, and may continue to keep oil prices bullish should geopolitical risk intensify.

US headline nonfarm job gain surpassed expectations; other job prints were steady

- Nonfarm payroll (NFP) unexpectedly increased by 336k in September (Aug: +227k revised), while the 2-month net revision was +119k. Unemployment rate held steady at 3.8%, while average weekly hours and hourly earnings were unchanged at 34.3 hours and +0.2% m/m respectively. Job gains were

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,407.58	0.87
S&P 500	4,308.50	1.18
NASDAQ	13,431.34	1.60
Stoxx Eur 600	444.93	0.82
FTSE 100	7,494.58	0.58
Nikkei 225	30,994.67	-0.26
CSI 300	3,689.52	-0.30
Hang Seng	17,485.98	1.58
Straits Times	3,174.39	0.61
KLCI 30	1,416.88	0.09
FX		
Dollar Index	106.04	-0.27
EUR/USD	1.0586	0.34
GBP/USD	1.2237	0.37
USD/JPY	149.32	0.55
AUD/USD	0.6386	0.25
USD/CNH	7.3094	0.04
USD/MYR	4.7142	-0.29
USD/SGD	1.3651	-0.14
Commodities		
WTI (\$/bbl)	82.79	0.58
Brent (\$/bbl)	84.58	0.61
Gold (\$/oz)	1,830.20	0.75
Copper (\$\$/MT)	8,046.00	1.86
Aluminum(\$/MT)	2,239.50	0.34
CPO (RM/tonne)	3,622.00	-1.04

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 5 Oct for CPO; 28 Sep for CSI 300

fairly broad-based, led by leisure and hospitality sectors, government, healthcare and business services. Job gain at this level is above the average of 267k the prior 12 months, reaffirming the case for a still resilient labour case as well as our expectations of another Fed rate hike.

- Consumer credit unexpectedly contracted by the most in 3 years in August by \$15.6bn (Jul: +\$11.0bn). The decline reflects a record plunge in non-revolving credits (-\$30.3bn), primarily attributable to the student loan forgiveness by the Biden administration for more than 800k borrowers.

Japan's leading index rebounded to 109.5 in August

- Leading index rose more than expected to 109.5 in August (Jul: 108.2), mainly due to a rebound in floor area, housing starts, acceleration in new job offers and sustained growth in stock prices and Nikkei Commodity price index. Coincident index was maintained as "improving."

Malaysia's foreign reserves fell to \$110.1bn as of end-3Q

- Foreign reserves fell by \$1.4bn in 2H of September to \$110.1bn as at 29 September (1H of Sep: -\$1.0bn). The reserves level has taken into account the quarterly foreign exchange revaluation changes, is sufficient to finance 5.1 months of imports and is 1.0 time of the total short-term external debt.

House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DX	105-108	107	107	106	105
EUR/USD	1.03-1.07	1.04	1.04	1.04	1.05
GBP/USD	1.20-1.23	1.20	1.20	1.20	1.21
USD/JPY	147-150	150	147	144	141
AUD/USD	0.63-0.65	0.64	0.65	0.66	0.67
USD/MYR	4.69-4.76	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
9-Oct	EC Sentix Investor Confidence (Oct)	-21.5
9-15 Oct	CH Aggregate Financing CNY (Sep)	3120.0b
10-Oct	AU Westpac Consumer Conf Index (Oct)	79.7
	AU NAB Business Conditions (Sep)	13
	JN Eco Watchers Survey Outlook SA (Sep)	51.4
	US NFIB Small Business Optimism (Sep)	91.3

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.