

9 November 2023

## Global Markets Research

### Daily Market Highlights

# 9 Nov: Markets chugged along awaiting further Fed cues

Continuous mixed trading in global equities and retreat in bond yields

Dollar Index gained grounds for a 3<sup>rd</sup> straight day albeit more modestly

Oil prices saw extended losses as concerns over weakening demand outlook took hold

- US stocks went through a volatile day and pared intraday losses to settle the day mixed as investors continue to weigh the Fed policy path and ahead of Fed Chair Powell's speech. Better than expected corporate earnings from Walt Disney, Lyft Inc and Instacart also helped pare losses in equities in late US trading session. The Dow lost 0.1% d/d but the broader S&P500 and tech heavy NASDAQ managed to eke out modest gains. Earlier in Europe and Asia, markets closed largely in the red. Futures are pointing to another mixed openings in the Asia markets today.
- Global bonds advanced for a second straight day, further pushing yields lower. Benchmark UST yields lost 3-11bps from the 5Y onwards while the 2s added 1bp to 4.93%. The 10Y UST yields fell 7bps to 4.49% after the \$40bn auction was sold at a high yield of 4.52% amid weaker than expected demand (BTC of 2.45x vs prior 2.50x). 10Y European bond yields fell more modestly by 2-9bps (prior day 8-10bps decline) with the German bunds losing 4bps to 2.61% while the UK gilts shed 4bps to 4.23%.
- The Dollar Index advanced for the 3<sup>rd</sup> straight day but the gain was noticeably more muted at only 0.01% d/d to last close at 105.53. The greenback began to trade mixed against the majors and Asian pairs, continued strengthening against commodity currencies, JPY and GBP but lost against the European and Nordic currencies. The USD however managed to rein supreme against most Asian crosses, save for the PHP, HKD and CNY. The MYR corrected for the 2<sup>nd</sup> straight day, giving back a further 0.3% on the day to 4.6820 against the USD. SGD also saw minor losses of 0.2% d/d vs the USD to close at 1.3564.
- The global crude oil prices continued to lose ground, falling a further 2.0% on Wednesday, with the WTI and Brent crude last settling at \$75.59 and \$79.71/ barrel (below \$80 for the first time since end August) respectively, as weakening demand concerns took center stage.

### US mortgage applications rose amid fall in borrowing costs; wholesale inventories gained

- Weekly MBA mortgage applications rebounded to clock in a 2.5% increase for the week ended 3-Nov (prior -2.1%), snapping three straight weeks of decline, thanks to turnarounds in both the refinancing (+1.6% vs -3.5%) and new purchases index (+3.0% vs -1.4%). This came on the back of the biggest fall in 30-year mortgage rate in a year, by 25bps to 7.61%.
- Wholesale inventories rose for the first time in seven months, by 0.2% m/m in a September final print. This was spurred by an 0.2% increase in durable goods (auto, computers and machinery) and 0.1% increase in non-durable goods (drugs and groceries). Wholesale trade sales unexpectedly picked up to increase 2.2% m/m during the same month (Aug: +2.0% m/m), with petroleum

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	34,112.27	-0.12
S&P 500	4,382.78	0.10
NASDAQ	13,650.41	0.08
Stoxx Eur 600	444.07	0.28
FTSE 100	7,401.72	-0.11
Nikkei 225	32,166.48	-0.33
CSI 300	3,611.07	-0.24
Hang Seng	17,568.46	-0.58
Straits Times	3,129.72	-1.39
KLCI 30	1,457.60	-0.39
<b>FX</b>		
Dollar Index	105.53	0.01
EUR/USD	1.0709	0.08
GBP/USD	1.2285	-0.12
USD/JPY	150.98	0.41
AUD/USD	0.6402	-0.53
USD/CNH	7.2871	0.08
USD/MYR	4.6820	0.26
USD/SGD	1.3564	0.15
<b>Commodities</b>		
WTI (\$/bbl)	75.59	-2.00
Brent (\$/bbl)	79.71	-2.09
Gold (\$/oz)	1,956.20	-0.98
Copper (\$\$/MT)	8,106.00	-1.09
Aluminum(\$/MT)	2,264.00	-0.57
CPO (RM/tonne)	3,650.50	0.50

Source: Bloomberg, HLBB Global Markets Research

\* Dated as of 7 Nov for CPO

being the biggest driver. Ex-petroleum, sales rose a more modest 1.1% m/m, still a commendable print thanks to sales of auto, drugs and groceries.

#### Extended decline in Eurozone retail sales suggests demand weakness; 1Y inflation expectations rose but 3Y expectations steadied

- Retail sales reported continued declining for a 3<sup>rd</sup> straight month, albeit at a slower pace of 0.3% m/m in September (Aug: -0.7% revised from -1.2% m/m). The decline was broad-based seen in non-food products (-1.9% vs -0.6% m/m), mail orders & internet (-1.9% vs -2.0% m/m), and automotive fuel & special stores (-0.9% vs -2.4% m/m). This completely offset the rebound in food, drink & tobacco (+1.4% vs -0.4% m/m). On an annual basis, sales however contracted at a much faster pace of 2.9% y/y during the month (Aug: -1.8% revised from -2.1% y/y)
- ECB 1Y CPI expectations jumped to 4.0% in September from 3.5% a month ago but 3Y CPI expectations held steady at 2.5% suggesting longer term inflation expectations remained anchored despite the near term upside risks.

#### Japan leading index fell; signalled still lethargic outlook ahead

- Leading indicators retreated slightly more than expected to 108.7 in September (Aug: 109.2), dampened by weakness across most components namely producer's inventory ratio, new job offers, housing starts, among others. These more than offset increases in stock prices and small business sales forecast. On the contrary, coincident index ticked a notch up to 114.7 during the month (Aug: 114.6), as expected, led by increases in industrial production and export volume.

#### House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DX	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	4.60-4.70	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	4.35	4.35	4.35	4.35	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

#### Up Next

Date	Events	Prior
9-Nov	CH CPI YoY (Oct)	0.00%
	CH PPI YoY (Oct)	-2.50%
	JN Econ Watchers Survey Outlook SA (Oct)	49.5
	US Initial Jobless Claims (28 Oct)	217k
10-Nov	AU RBA-Statement on Monetary Policy	
	UK Monthly GDP (MoM) (Sep)	0.20%
	HK GDP YoY (3Q F)	4.10%
	US U. of Mich. Sentiment (Nov P)	63.8

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](mailto: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.