

13 June 2023

Global Markets Research

Daily Market Highlights

13 June: Wall Street gained on hawkish Fed pause bets

Nasdaq, S&P 500 closed at their highest since April 2022; UST yields retreated

Sell-off in gilts on BOE's Mann comments on upward pressures on inflation

Japan's PPI registered its first contraction in 3 months on lower utilities

- In a run-up to US CPI print, expectations of a pause in the Federal Reserve tightening campaign sent Nasdaq climbing 1.5% d/d and S&P 500 gaining 0.9% d/d. Both indices closed at its highest level since April 2022 with big tech leading gains. Tesla rose for a record-breaking 12th straight session while Apple hit an all-time high. Oracle also gained in late trading as its sales topped estimates as its cloud business benefited from demand for artificial intelligence.
- European markets also closed slightly higher as investors prepped for a week of major central bank meetings in the US, Asia and Europe. Stoxx 600 closed up 0.2% d/d, while FTSE 100 edged up by 0.1% d/d. UBS shares closed up nearly 1% d/d after announcing it had completed the takeover of Credit Suisse. In Asia, Nikkei 225 also rose 0.5% d/d, while Hang Seng inched up by 0.1% d/d.
- In the Treasuries market, the 2Y yields edged lower by 2bps to 4.58%, while the 10Y dipped less than 1bps to 3.74%. The 10Y European bonds yield closed mixed, between -5 to +10bps. Gilts saw a self-off after the Bank of England policy maker Catherine Mann said she is still very concerned about persistent upward pressure on UK inflation.
- DXY traded in a narrow range, and closed little change at +0.1% d/d to 103.65 as investors remained cautious ahead of several key policy decisions due this week. While EUR strengthened slightly by 0.1% d/d, GBP retreated and depreciated by 0.5% d/d. Asian currencies also closed mostly weaker between 0-0.2% d/d. Leading the loss was CNH at 0.2% d/d, while JPY and MYR depreciated by 0.1% d/d each to close at 139.60 and 4.6198 respectively. SGD closed flat at 1.3436.
- In the oil market, the West Texas Intermediate and Brent settled down 4.4% d/d and 3.9% d/d on jitters ahead of the FOMC meeting as well as persistent demand fears. Gold also traded 0.4% d/d lower on a slightly stronger USD.

Australia's HSI rebounded m/m

- Driven by home buying, health and fitness as well as transport and motor vehicle, the CommBank Household Spending Intentions (HSI) index rebounded to +3.1% m/m in May, a partial reversal from April's 4.2% m/m fall due to fewer trading days. On a y/y basis, HSI accelerated to +4.7% y/y (Apr: +3.8% y/y), but was still running 15.2% below its peak in August 2022. With

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,066.33	0.56
S&P 500	4,338.93	0.93
NASDAQ	13,461.92	1.53
Stoxx Eur 600	460.73	0.16
FTSE 100	7,570.69	0.11
Nikkei 225	32,434.00	0.52
Hang Seng	19,404.31	0.07
Straits Times	3,196.07	0.29
KLCI 30	1,386.77	0.78
FX		
Dollar Index	103.65	0.09
EUR/USD	1.0757	0.07
GBP/USD	1.2509	-0.50
USD/JPY	139.60	0.14
AUD/USD	0.6751	0.13
USD/CNH	7.1561	0.17
USD/MYR	4.6198	0.12
USD/SGD	1.3436	0.01
Commodities		
WTI (\$/bbl)	67.12	-4.35
Brent (\$/bbl)	71.84	-3.94
Gold (\$/oz)	1,955.30	-0.35
Copper (\$\$/MT)	8,310.50	-0.73
Aluminum(\$/MT)	2,228.00	-1.76
CPO (RM/tonne)	3,425.00	1.95

Source: Bloomberg, HLBB Global Markets Research

inflation at 6.8% y/y in April, growth in the HSI index was running lower than this, suggesting that the volume of spending was falling, especially given strong population growth.

Japan PPI registered its first contraction in 3 months due to utilities

- Japan's producer price (PPI) registered its first m/m contraction in 3 months, falling more than expected by 0.7% in May (Apr: +0.3% m/m). Consequently, prices decelerated for the fifth month to +5.1% y/y (Apr: +5.9% y/y). This is the weakest in 2 years, suggesting a weakening inflationary pressure. On a m/m basis, the contraction was driven predominantly by a sharp contraction in prices for electricity, power and gas as well as import prices of raw materials.
- On a positive note, the BSI Large All Industry index turnaround to grow 2.7% q/q in 2Q (1Q: -3.0% q/q), with the manufacturing sector reporting a much slower contraction of -0.4% q/q (1Q: -10.5% q/q).

House View and Forecasts

FX	This Week	2Q-23	3Q-23	4Q-23	1Q-24
DX	102-105	100.97	99.96	97.96	96.98
EUR/USD	1.06-1.09	1.10	1.11	1.12	1.13
GBP/USD	1.24-1.27	1.24	1.25	1.24	1.24
USD/JPY	138-141	131	130	128	128
AUD/USD	0.65-0.68	0.68	0.68	0.69	0.70
USD/MYR	4.58-4.68	4.39	4.35	4.31	4.28
USD/SGD	1.33-1.36	1.31	1.30	1.27	1.26

Rates, %	Current	2Q-23	3Q-23	4Q-23	1Q-24
Fed	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25
ECB	3.75	4.00	4.00	4.00	4.00
BOE	4.50	4.75	4.75	4.75	4.75
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.10	4.10	4.10	4.10	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
13-June	AU Westpac Consumer Conf SA MoM (Jun)	-7.90%
	AU NAB Business Confidence (May)	0
	UK Payrolled Employees Monthly Change (May)	-136k
	UK Average Weekly Earnings 3M/YoY (Apr)	5.80%
	UK ILO Unemployment Rate 3Mths (Apr)	3.90%
	EC ZEW Survey Expectations (Jun)	-9.4
	US NFIB Small Business Optimism (May)	89
	US CPI Ex Food and Energy YoY (May)	5.50%
14-June	US Real Avg Weekly Earnings YoY (May)	-1.10%
	UK Monthly GDP (MoM) (Apr)	-0.30%
	EC Industrial Production SA MoM (Apr)	-4.10%
	US MBA Mortgage Applications	-1.40%
	US PPI Final Demand YoY (May)	2.30%

Source: Bloomberg

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