

17 January 2023

Global Markets Research

Daily Market Highlights

17 Jan: European markets closed higher; WEF in focus

US markets were closed for holiday

JPY held near 7-month high at 128 as investors await BOJ decision

Prices for Brent slipped 1.0% d/d as markets reassessed growth outlook

- US markets were closed overnight but in Europe, markets closed higher with Stoxx 600 up 0.5% d/d, while FTSE 100 gained 0.2% d/d. The World Economic Forum is set to meet this week to discuss topics from war in Ukraine to economic instability and uncertainty as well as climate change. This will be a key focus for European markets. In Asia, CSI 300 rose 1.6% d/d, while Hong Kong's Hang Seng index eked out a marginal gain of less than 0.1% d/d. Nikkei 225 fell 1.1% d/d.
- JPY held near its 7-month high, as traders, in the lead up to the Bank of Japan's monetary policy decision this week, ramped up bets that the central bank could make further tweaks to its yield control policy. JPY appreciated further by 0.6% d/d to 128.58. EUR, meanwhile, depreciated marginally by 0.1% d/d, while GBP weakened 0.3% d/d. Closer to home, MYR strengthened 0.4% d/d to 4.3173, while SGD weakened 0.2% d/d to 1.3214.
- Oil's advance took a breather as investors assessed China's reopening. Brent slipped 1.0% d/d to \$84.46/barrel. As it is, both the OPEC and International Energy Agency are set to release its monthly outlook this week.

PBOC maintained MLF at 2.75%

- As expected, the People's Bank of China maintained its 1-year medium term lending facility rate unchanged at 2.75%. Despite this, a rate cut is still in the cards given the headwinds in the demand side of the economy. Separately, the contraction in Chinese new home prices remained unchanged at -0.25% m/m in Dec.

UK's asking prices for homes rose 0.9% m/m

- According to Rightmove, asking prices for British homes rose for the first time in two months by +0.9% m/m in Dec (Nov: -2.1% m/m) as the housing market showed signs of calming after the turmoil triggered by former prime minister Liz Truss's "mini-budget". Rightmove added that home buyer demand at the beginning of 2023 was up 4% compared with the same period in 2019, before the pandemic market frenzy, but was down 36% compared to last year.

Japan PPI accelerated to +10.2%

- Japan's producer price accelerated more than expected to +10.2% y/y in December (Nov: +9.7% y/y), driven by higher costs for raw materials, namely utilities and petroleum and coal products. Prices of beverages and tobacco and food, transport equipment and chemicals also soared.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,302.61	0.33
S&P 500	3,999.09	0.40
NASDAQ	11,079.16	0.71
Stoxx Eur 600	454.63	0.46
FTSE 100	7,860.07	0.20
Nikkei 225	25,822.32	-1.14
Hang Seng	21,746.72	0.04
Straits Times	3,283.60	-0.31
KLCI 30	1,493.56	-0.10
FX		
Dollar Index	102.20	0.00
EUR/USD	1.0822	-0.07
GBP/USD	1.2194	-0.27
USD/JPY	128.58	0.56
AUD/USD	0.6955	-0.19
USD/CNH	6.7427	0.43
USD/MYR	4.3173	-0.40
USD/SGD	1.3212	0.18
Commodities		
WTI (\$/bbl)	79.86	1.88
Brent (\$/bbl)	84.46	-0.96
Gold (\$/oz)	1,921.70	1.21
Copper (\$\$/MT)	9,104.50	-0.88
Aluminum(\$/MT)	2,621.00	1.00
CPO (RM/tonne)	3,836.00	-0.35

Source: Bloomberg, HLBB Global Markets Research
 * Closing for Dow Jones, S&P 500, NASDAQ, WTI and gold as per 13 Jan

Australia's inflation rate estimated to ease to the slowest in 4 months; consumer confidence posted biggest gain in 9 months

- According to estimates by the Melbourne Institute of Applied Economic and Social Research, Australia's inflation rate eased to +0.2% m/m in December (Nov: +1.0% m/m). This is the slowest in four months. Core inflation, meanwhile, rose 0.6% m/m and is 6.0% y/y higher. An 8.4% jump in holiday travel and accommodation as well as a 3.2% increase in non-durable household products continued to drive the overall inflation rate.
- A separate report from the Westpac Banking Corp showed that Australia's consumer confidence accelerated by +5.0% m/m to 84.3 in January (Dec: +3.0% m/m to 80.3). This is the biggest gain in 9 months. Notably, consumers were more positive with the economy 1 year ahead and as a result, saw the sub-index turnaround and jumping 10.2% m/m (Nov: -0.4% m/m).

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DXY	101-106	98.00	96.04	96.04	96.04
EUR/USD	1.07-1.10	1.10	1.11	1.11	1.11
GBP/USD	1.19-1.25	1.26	1.27	1.27	1.27
USD/JPY	126-132	130	128	128	128
AUD/USD	0.67-0.71	0.70	0.72	0.72	0.72
USD/MYR	4.28-4.35	4.31	4.28	4.28	4.28
USD/SGD	1.31-1.34	1.32	1.30	1.30	1.30

Rates, %	Current	1Q-23	2Q-23	3Q-23	4Q-23
Fed	4.25-4.50	4.75-5.00	4.75-5.00	4.75-5.00	4.75-5.00
ECB	2.50	3.00	3.00	3.00	3.00
BOE	3.50	4.00	4.00	4.00	4.00
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	3.10	3.35	3.35	3.35	3.35
BNM	2.75	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
17-Dec	SI Non-oil Domestic Exports YoY (Dec)	-14.60%
	CH Industrial Production YoY (Dec)	2.20%
	CH Retail Sales YoY (Dec)	-5.90%
	CH Fixed Assets Ex Rural YTD YoY (Dec)	5.30%
	CH Surveyed Jobless Rate (Dec)	5.70%
	CH GDP YoY (4Q)	3.90%
	UK Weekly Earnings ex Bonus 3M/YoY (Nov)	6.10%
	UK ILO Unemployment Rate 3Mths (Nov)	3.70%
	EC ZEW Survey Expectations (Jan)	-23.6
	18-Jan	JN Core Machine Orders MoM (Nov)
MA Exports YoY (Dec)		15.60%
JN Industrial Production MoM (Nov F)		-0.10%
UK CPI MoM (Dec)		0.40%
EC CPI MoM (Dec F)		-0.30%
US MBA Mortgage Applications		1.20%
US New York Fed Services Business Activity (Jan)		-17.6
US Retail Sales Advance MoM (Dec)		-0.60%
US PPI Final Demand MoM (Dec)		0.30%
US Industrial Production MoM (Dec)		-0.20%
US Business Inventories (Nov)	0.30%	
US NAHB Housing Market Index (Jan)	31	
JN BOJ Policy Balance Rate	-0.10%	

Source: Bloomberg

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