

19 September 2023

## Global Markets Research

### Daily Market Highlights

# 19 Sep: Subdued markets ahead of central bank meets

**Front-end UST underperformed on “hawkish pause” views; all eyes on RBA minutes today  
US builder confidence fell below 50; New York services turned negative**

**Singapore’s NODX posted double digit slump; contraction in electronics exports narrowed**

- US markets were quiet and traded within a narrow band ahead of the slew of central bank meetings scheduled this week. Strength in IT and energy stocks offset weakness in consumer discretionary, sending all three indices up by less than 0.1% d/d each. European stocks, on the other hand, fell in tune of 0.8%-1.1% d/d on a risk-off mode. Societe Generale notably slumped 12.1% d/d, the most since March 2020 after the bank’s new strategic plan disappointed. Asian markets closed mixed, with CSI 300 in green (+0.5% d/d) and Hang Seng in red (-1.4% d/d). Japan’s markets were closed for a public holiday.
- Short-dated Treasuries underperformed on expectations of a “hawkish pause” in the upcoming FOMC meeting this week, sending the 2Y yield up 2bps to 5.05%, while the 10Y dipped 3bps to 4.30%. 10Y European bond yields closed up between 3-5bps.
- Trading in DXY was choppy but within the 105.02-105.36 range. The index closed 0.1% d/d lower at 105.20. GBP closed flat at 1.2383 with traders largely eyeing a 25bps final rate hike to 5.50% this Thursday, while EUR appreciated 0.3% d/d. In Asia, JPY and AUD strengthened by less than 0.2% d/d each, while CNH and MYR closed 0.1% d/d weaker at 7.2910 and 4.6900. SGD closed flattish at 1.3633.
- Tight supply outlook continued to drive prices of oil. Brent flirted near the \$95/barrel and closed up by 0.5% d/d at \$94.43/barrel. The West Texas Intermediate tested \$92/barrel briefly before closing 0.8% d/d higher at \$91.48/barrel.

#### US builder confidence fell below 50; New York Services turned negative

- Persistently high mortgage rates above 7% sent builder confidence dipping more than expected and below 50 for the first time in five months. The NAHB Housing Market Index fell to 45 in Sep (Aug: 50) with all three major HMI indices posting declines.
- New York Fed Services Business Activity edged down to -3.0 in Sep (Aug: +0.6), suggesting the business climate remains worse than normal. Employment continued to increase slightly, while wages accelerated slightly. Input price increases were little changed, but selling price increases slowed. Looking ahead, firms were not particularly optimistic, with just over a third expecting conditions to improve over the next six months.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	34,624.30	0.02
S&P 500	4,453.53	0.07
NASDAQ	13,710.24	0.01
Stoxx Eur 600	456.72	-1.13
FTSE 100	7,652.94	-0.76
Nikkei 225	33,533.09	1.10
CSI 300	3,727.71	0.51
Hang Seng	17,930.55	-1.39
Straits Times	3,263.39	-0.53
KLCI 30	1,457.99	-0.07
<b>FX</b>		
Dollar Index	105.20	-0.11
EUR/USD	1.0692	0.33
GBP/USD	1.2383	0.00
USD/JPY	147.61	-0.16
AUD/USD	0.6437	0.08
USD/CNH	7.2910	0.14
USD/MYR	4.6900	0.14
USD/SGD	1.3633	-0.02
<b>Commodities</b>		
WTI (\$/bbl)	91.48	0.78
Brent (\$/bbl)	94.43	0.53
Gold (\$/oz)	1,935.20	0.38
Copper (\$\$/MT)	8,359.50	-0.55
Aluminum(\$/MT)	2,220.00	1.37
CPO (RM/tonne)	3,727.50	0.73

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 15th Sept for CPO and Nikkei 225

### Singapore's NODX saw double digit decline; contraction in electronics exports narrowed

- Non-oil domestic exports (NODX) fell more than expected by 20.1% y/y in Aug (Jul: 20.3% y/y) mainly due to non-electronics like structures of ships & boats, pharmaceuticals and specialised machinery. The contraction in electronics exports narrowed to 21.1% y/y (Jul: -26.1% y/y), in line with signs of bottoming seen in the global semiconductor industry. NODX to the top markets as a whole declined, led by US (-32.4% y/y vs Jul: +34.3% y/y), EU27 (-28.9% y/y vs Jul: -38.6% y/y) and China (-16.4% y/y vs Jul: -20.1% y/y).

### House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DXY	103-107	102	101	100	99
EUR/USD	1.05-1.08	1.11	1.12	1.14	1.12
GBP/USD	1.22-1.27	1.29	1.31	1.33	1.30
USD/JPY	144-149	141	139	136	133
AUD/USD	0.63-0.66	0.67	0.68	0.68	0.69
USD/MYR	4.62-4.72	4.69	4.64	4.60	4.55
USD/SGD	1.34-1.38	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	4.50	4.50	4.50	4.50	4.50
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	4.10	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
19-Sep	AU RBA Minutes of Sept. Policy Meeting	
	MA Exports YoY (Aug)	-13.10%
	HK Unemployment Rate SA (Aug)	2.80%
	EC CPI Core YoY (Aug F)	5.30%
	US Housing Starts MoM (Aug)	3.90%
	US Building Permits MoM (Aug)	0.10%
20-Sep	JN Exports YoY (Aug)	-0.30%
	AU Westpac Leading Index MoM (Aug)	-0.03%
	CH 5-Year Loan Prime Rate	4.20%
	CH 1-Year Loan Prime Rate	3.45%
	UK CPI Core YoY (Aug)	6.90%
	UK PPI Output NSA YoY (Aug)	-0.80%
	UK PPI Input NSA YoY (Aug)	-3.30%
	US MBA Mortgage Applications	-0.80%

Source: Bloomberg

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