

19 December 2023

## Global Markets Research

### Daily Market Highlights

# 19 Dec: All eyes on BOJ's decision and RBA minutes today

**US equities and treasuries yields closed mildly higher; little change in DXY**

**Oil prices jumped on Red Sea tanker attack and shipment re-routings**

**Singapore's NODX swung to growth; outlook still sluggish but has bottomed out**

- US equities markets continued with upward momentum on optimism over Fed's interest rate cuts. While the Dow Jones Industrial Average was little changed, S&P 500 and Nasdaq climbed 0.5-0.6% d/d. Mega-cap tech names continued to drive markets, with Apple being the exception. The tech-giant lost 0.9% d/d after it said it would halt US sales of its smartwatches after a patent loss. U.S. Steel also jumped 26.1% d/d after Japan's Nippon Steel said it would buy the company in a deal valued over \$14bn.
- Elsewhere, European and Asian stocks closed mostly in the red, with the latter hit by China's economic worries as well as uncertainties ahead of the Bank of Japan's policy decision. Oil and gas, as well as shipping stocks nonetheless gained as oil prices rose on the back of Red Sea concerns.
- In the bond market, Treasury yields crept higher, with the 2Y little changed at 4.45% and the 10Y rising 2bps to 3.93%. 10Y European bond yields closed higher up to 8bps.
- DXY closed flattish at 102.56, weakening against most of its G10 peers save for the CAD, GBP (-0.3% d/d) and JPY (-0.4% d/d). EUR and AUD appreciated 0.1-0.3% d/d against the Dollar, the former benefitting from a hawkish hold and the latter from increased risk appetite. Closer to home, SGD closed flattish at 1.3324 while MYR weakened 0.5% d/d to 4.6947.
- Oil prices jumped 1.5-1.8% d/d to their highest in 2 weeks as attacks by the Houthis on ships in the Red Sea raised concerns of oil supply disruptions. As it is, BP Plc has temporarily paused all transits through the Red Sea, while Equinor ASA is diverting vessels away from the region.

### Lower mortgage rates boosted builder sentiment in the US

- Falling mortgage rates ended a four-month decline in builder confidence, sending the NAHB Housing Market Index (HMI) up to 37 in December (Nov: 34). Coupled with still resilient economic data, this signal improving housing conditions heading into 2024. This is reaffirmed by the HMI component measuring future sales expectations increasing 6 points m/m.
- The New York Fed Services Business Activity index worsened to -14.6 in December (Nov: -11.9), suggesting that the business climate remains much worse than normal. Employment growth stalled, wage growth and input price increases slowed but the pace of selling price increases was slightly higher. Optimism about the six-month outlook remained subdued.

### Singapore's exports swung to growth thanks to low base and non-electronics exports

- Singapore's exports returned to growth in November (+1.0% y/y vs -3.5% y/y), albeit less than expected and was due to low base effect. The increase

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	37,306.02	0.00
S&P 500	4,740.56	0.45
NASDAQ	14,905.19	0.62
Stoxx Eur 600	475.32	-0.27
FTSE 100	7,614.48	0.50
Nikkei 225	32,758.98	-0.64
CSI 300	3,329.37	-0.36
Hang Seng	16,629.23	-0.97
Straits Times	3,113.23	-0.11
KLCI 30	1,465.28	0.19
<b>FX</b>		
Dollar Index	102.56	0.01
EUR/USD	1.0924	0.27
GBP/USD	1.2648	-0.26
USD/JPY	142.78	0.44
AUD/USD	0.6707	0.12
USD/CNH	7.1435	0.12
USD/MYR	4.6947	0.54
USD/SGD	1.3324	-0.02
<b>Commodities</b>		
WTI (\$/bbl)	72.47	1.46
Brent (\$/bbl)	77.95	1.83
Gold (\$/oz)	2,026.30	0.26
Copper (\$\$/MT)	8,482.50	-0.78
Aluminum(\$/MT)	2,283.00	1.58
CPO (RM/tonne)	3,630.00	0.00

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 15 Dec for CPO

in headline was primarily driven by non-electronics products, namely chemicals and pharmaceuticals, while exports of electronics and electrical goods remained contractionary (-12.7% y/y vs -5.6% y/y). NODX to top markets as a whole declined, dragged down by shipments to Taiwan, EU and Indonesia, while exports to US, China, Thailand and Hong Kong rose. There is no change in our view that external demand for Singapore and its regional counterparts are still sluggish but have bottomed out, supported by nascent signs of recovery in the semiconductor cycle.

#### House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DXY	100-104	107	107	106	105
EUR/USD	1.08-1.12	1.04	1.04	1.04	1.05
GBP/USD	1.25-1.29	1.20	1.20	1.20	1.21
USD/JPY	139-145	150	147	144	141
AUD/USD	0.65-0.69	0.64	0.65	0.66	0.67
USD/MYR	4.63-4.69	4.74	4.69	4.65	4.60
USD/SGD	1.31-1.34	1.38	1.37	1.35	1.34

Rates, %	Current	4Q-23	1Q-24	2Q-24	3Q-24
Fed	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.00-5.25
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
19-Dec	AU RBA Minutes of Dec. Policy Meeting	
	MA Exports YoY (Nov)	-4.40%
	HK Unemployment Rate SA (Nov)	2.90%
	EC CPI Core YoY (Nov F)	3.60%
	US Building Permits MoM (Nov)	1.10%
	US Housing Starts MoM (Nov)	1.90%
20-Dec	JN BOJ Policy Balance Rate	-0.10%
	AU Westpac Leading Index MoM (Nov)	-0.03%
	JN Exports YoY (Nov)	1.60%
	CH 5-Year Loan Prime Rate	4.20%
	CH 1-Year Loan Prime Rate	3.45%
	UK CPI Core YoY (Nov)	5.70%
	UK PPI Output NSA YoY (Nov)	-0.60%
	UK PPI Input NSA YoY (Nov)	-2.60%
	UK House Price Index YoY (Oct)	-0.10%
	US MBA Mortgage Applications	7.40%
	US Existing Home Sales MoM (Nov)	-4.10%

Source: Bloomberg

#### Hong Leong Bank Berhad

Fixed Income & Economic Research, Global  
Markets  
Level 8, Hong Leong Tower  
6, Jalan Damansara  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936

[HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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