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Global Markets Research

Daily Market Highlights

23 Aug: Anxious markets await Jackson Hole symposium

US equities generally closed lower; treasuries mixed; DXY rebounded

S&P Global cut credit ratings for several banks; hammering financial stocks

US existing home sales fell on limited inventory, higher rates; mixed regional indicators

- The S&P 500 fell on Tuesday as investors anxiously looked ahead to the Jackson Hole symposium and Nvidia result. The S&P 500 edged down 0.3% d/d, while the Dow Jones Industrial Average slid 0.5% d/d. Tech-heavy Nasdaq Composite, on the other hand, eked out a small gain of 0.1% d/d. Finance stocks, meanwhile, were rattled after S&P Global cut the credit ratings and dimmed its outlook for several US banks citing “tough” operating conditions. S&P lowered grades one notch for KeyCorp, Comerica, Valley National Bancorp, UMB Financial and Associated Banc-Corp.
- European stock markets closed higher, with FTSE 100 adding 0.2% d/d while Stoxx Eur 600 gained 0.7% d/d. French game publisher Ubisoft Entertainment rose 8.5% d/d on a restructured Microsoft-Activision bid. In Asia, Japan’s Nikkei 225 climbed 0.9% d/d, noting that SoftBank Group’s chip unit Arm filed for a Nasdaq listing that is expected to be the largest IPO of the year. Hang Seng index snapped a seven-day losing streak and gained 1.0% d/d.
- The Treasuries market closed mixed, with the 10Y yield easing 1bps to 4.32%, while the 2Y rose 5bps to 5.05%. 10Y European bond yields fell in tune of 1-9bps.
- DXY peaked at 103.72 before closing at 103.56 (+0.3% d/d), its highest closing since June 12. EUR and GBP weakened by 0.5% d/d and 0.2% d/d respectively. In Asia, JPY remained under pressure at 145.89, albeit strengthening slightly by 0.2% d/d. CNH weakened 0.2% d/d, while MYR and SGD closed near their flatlines at 4.6480 and 1.3578.
- Oil prices settled lower by 0.5% d/d on nagging worries over China’s demand amidst signs of supply rebound.

US existing home sales fell 2.2% on limited inventory and higher mortgage rates; mixed regional indicators

- Limited housing inventory and higher mortgage rates sent existing home sales sliding more than expected by 2.2% m/m to 4.1m in July (June: -3.3% m/m). While data showed that inventory of unsold existing homes increased 3.7% m/m to 1.1m or the equivalent of 3.3 months’ supply at the current monthly sales pace, this is still below the 5.0 months seen as the benchmark of a tight housing market. This helped to push prices up 1.9% y/y to \$406,700, marking the fourth time the monthly sales price eclipsed \$400k.
- Regional indices continue to paint a still sluggish manufacturing sector in August while the services sector was mixed. The Richmond Fed Manufacturing

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,288.83	-0.51
S&P 500	4,387.55	-0.28
NASDAQ	13,505.87	0.06
Stoxx Eur 600	451.70	0.68
FTSE 100	7,270.76	0.18
Nikkei 225	31,856.71	0.92
Hang Seng	17,791.01	0.95
Straits Times	3,159.88	0.19
KLCI 30	1,451.53	0.07
FX		
Dollar Index	103.56	0.25
EUR/USD	1.0846	-0.46
GBP/USD	1.2732	-0.19
USD/JPY	145.89	-0.23
AUD/USD	0.6423	0.14
USD/CNH	7.3065	0.24
USD/MYR	4.6480	-0.02
USD/SGD	1.3578	0.02
Commodities		
WTI (\$/bbl)	80.35	-0.46
Brent (\$/bbl)	84.03	-0.51
Gold (\$/oz)	1,896.40	0.16
Copper (\$\$/MT)	8,362.50	1.06
Aluminum(\$/MT)	2,177.00	1.54
CPO (RM/tonne)	3,906.50	0.77

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 21 Aug for CPO

Index unexpectedly improved but remained in contraction mode at -7 (Jul: -9), while noting that firms grew more optimistic about local business conditions. In the service sector, its Business Conditions index turned positive at +1 (Jul: -8) but the Philadelphia Fed Non-Manufacturing Activity index plunged into negative territory of -13.1 (Jul: +1.4), suggesting a tepid and uneven outlook for the US economy.

The contraction in UK CBI Trends Total Orders worsened

- UK CBI Trends Total Orders fell more than expected to -15 in August (Jul: -9), largely attributed to contractions in export orders and output while average selling prices sub-index moderated.

Australia's Services PMI at 19-month low

- The services sector shrank at the fastest pace in 19 months, with the Judo Bank Flash Australia Services PMI declining to 46.7 in Aug (Jul: 47.9), while Manufacturing declined slightly to 49.4 (Jul: 49.6). The latest readings provide further evidence that a slowdown in the Australian economy is underway with another drop in both the output and new orders sub-indices.

Malaysia's reserves fell to \$112.2bn

- The build-up in Malaysia's July foreign reserves was short lived, with the international reserves of BNM retreating by \$0.7bn to \$112.2bn as at 15 Aug (2H of July: +\$1.1bn). The reserves position is sufficient to finance 5.2 months of imports of goods and services, and is 1.0 time of the total short-term external debt.

House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DX	101-105	102	101	100	99
EUR/USD	1.07-1.11	1.11	1.12	1.14	1.12
GBP/USD	1.26-1.30	1.29	1.31	1.33	1.30
USD/JPY	143-148	141	139	136	133
AUD/USD	0.63-0.66	0.67	0.68	0.68	0.69
USD/MYR	4.58-4.68	4.69	4.64	4.60	4.55
USD/SGD	1.34-1.37	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	4.25	4.25	4.25	4.25	4.00
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	4.35	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
23-Aug	JN Jibun Bank Japan PMI Mfg (Aug P)	49.6
	JN Jibun Bank Japan PMI Services (Aug P)	53.8
	SI CPI YoY (Jul)	4.50%
	EC HCOB Eurozone Manufacturing PMI (Aug P)	42.7
	EC HCOB Eurozone Services PMI (Aug P)	50.9
	UK S&P Global/CIPS UK Manufacturing PMI (Aug P)	45.3
	UK S&P Global/CIPS UK Services PMI (Aug P)	51.5
	US MBA Mortgage Applications	-0.80%
	US S&P Global US Manufacturing PMI (Aug P)	49
	US S&P Global US Services PMI (Aug P)	52.3
	US New Home Sales MoM (Jul)	-2.50%

24-Aug	EC Consumer Confidence (Aug P)	-15.1
	HK Exports YoY (Jul)	-11.40%
	UK CBI Total Dist. Reported Sales (Aug)	-17
	US Initial Jobless Claims	239k
	US Chicago Fed Nat Activity Index (Jul)	-0.32
	US Durable Goods Orders (Jul P)	4.60%
	US Cap Goods Orders Nondef Ex Air (Jul P)	0.10%
	US Kansas City Fed Manf. Activity (Aug)	-11

Source: Bloomberg

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