

26 October 2023

## Global Markets Research

### Daily Market Highlights

# 26 Oct: US new home sales surged to 19-month high

**S&P 500 dipped below 4200; Nasdaq logged worst day since February on poor corporate earnings**  
**UST yields rebounded post new home sales data; DXY firmer; oil rebounded on geopolitical risks**  
**JPY broke above 150; AUD weakened despite inflation topping estimates**

- US tech stocks took a tumble after poor earnings from Alphabet knocked its shares down nearly 10% d/d and spread gloom across the sector. Higher UST yields, partially due to a better-than-expected new home sales data, also added to the sell-off. Nasdaq lost 2.4% d/d, its worst day since February, while S&P 500 dipped 1.4% d/d below the 4,200 level. Dow Jones also fell 0.3% d/d. Shares of Alphabet plunged 9.5% d/d after its cloud business missed estimates. Apple and Amazon slipped 1.4% d/d and 5.6% d/d respectively, with the latter set to report 3Q earnings after the closing bell on Thursday. Microsoft was an outlier at +3.1% d/d, after its cloud growth drove revenue surge.
- In Europe, Stoxx Eur 600 closed just above the flatline with mining stocks leading gains, and retail stocks falling. Deutsche Bank shares jumped 8.2% d/d after it flagged dividends and buybacks. FTSE 100 also gained 0.3% d/d. Asian stocks closed mixed, although Nikkei 225, CSI 300 and Hang Seng closed up in tune to 0.5%-0.7% d/d.
- In the Treasuries market, yield to the 2Y rose 5bps to 5.12%, while the 10Y gained 13bps to 4.96%. 10Y European bond yields closed up between 6-9bps.
- DXY closed 0.2% d/d firmer at 106.53 as risk sentiment turned sour. Notable movers were JPY which weakened 0.2% d/d to 150.23, and AUD, which initially jumped after a surprisingly high reading for inflation stoked speculation about a further hike in interest rates, but later erased all gains to trade down 0.7% d/d at 0.6309. European currencies weakened 0.2%-0.4% d/d, while in Asia, CNH and SGD depreciated by 0.2% d/d. MYR was the outlier, strengthening 0.1% d/d to 4.7800.
- Oil prices rose between 2.0%-2.3% d/d, buoyed by worries about conflict in the Middle East, but gains were capped by higher US crude inventories. According to EIA, inventories at Cushing, Oklahoma increased by 213k, inching away from their operation minimum.

#### US new home sales surged to 19-month high

- US new-home sales surged more than expected to its fastest clip since February 2022 by 12.3% m/m to 759k in September (Aug: -8.2% m/m to \$676k), suggesting there's still some appetite for homes despite soaring mortgage rates and amidst softer home prices. The median sales price of a new home dropped 3.3% m/m to \$418.8k (Aug: -0.4% m/m to \$433.1k), but remained well above pre-pandemic levels. Meanwhile, the SA estimate of new

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	33,035.93	-0.32
S&P 500	4,186.77	-1.43
NASDAQ	12,821.22	-2.43
Stoxx Eur 600	435.27	0.04
FTSE 100	7,414.34	0.33
Nikkei 225	31,269.92	0.67
CSI 300	3,504.46	0.50
Hang Seng	17,085.33	0.55
Straits Times	3,078.78	-0.17
KLCI 30	1,442.51	0.48
<b>FX</b>		
Dollar Index	106.53	0.24
EUR/USD	1.0566	-0.23
GBP/USD	1.2112	-0.39
USD/JPY	150.23	0.21
AUD/USD	0.6309	-0.72
USD/CNH	7.3299	0.21
USD/MYR	4.7800	-0.11
USD/SGD	1.3707	0.16
<b>Commodities</b>		
WTI (\$/bbl)	85.39	1.97
Brent (\$/bbl)	90.13	2.34
Gold (\$/oz)	1,984.10	0.46
Copper (\$\$/MT)	8,032.00	-0.24
Aluminum(\$/MT)	2,219.00	1.28
CPO (RM/tonne)	3,621.50	-1.52

Source: Bloomberg, HLBB Global Markets Research  
 \* Dated as of 24 Oct for CPO

houses for sale at the end of September was 435k, representing a supply of 6.9 months at the current sales rate (Aug: 7.7 months).

- Mortgage applications, meanwhile, fell for the second week by 1.0% w/w for the week ended October 20 (Oct 13: -6.9% w/w). The contraction was due to lower purchase index (-2.2% w/w vs. -5.6% w/w), while the refinance index expanded by 1.8% w/w (Oct 13: -9.9% w/w).

#### Australia's inflation rate topped estimates

- Inflation rate came above expectations in 3Q, accelerating to +1.2% q/q in 3Q (2Q: +0.8% q/q) and moderating less than expected on a y/y basis by +5.4% (2Q: +6.0%). On a q/q basis, the uptick was driven by higher petrol prices and rent. Given that prices have picked up momentum throughout the quarter (Sep: +5.6% y/y vs Aug: +5.2% y/y), this will keep interest rate hike expectations in play when the RBA next meets in November.

#### Japan's final leading index was revised down for August, but still an uptick m/m; PPI-Services held steady at +2.1% y/y

- August' final leading index was revised down by 0.3ppts to 109.2. Nonetheless, the index is still an uptick from July's 108.2, underpinned by improvements in new job offers and floor area, housing starts. Data this morning showed that PPI-Services unexpectedly held steady at +2.1% y/y in September and driving the elevated prices were information & communication followed by leasing & rental as well as transportation.

#### House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DX	104-108	107	107	106	105
EUR/USD	1.04-1.07	1.04	1.04	1.04	1.05
GBP/USD	1.19-1.23	1.20	1.20	1.20	1.21
USD/JPY	148-151	150	147	144	141
AUD/USD	0.62-0.65	0.64	0.65	0.66	0.67
USD/MYR	4.74-4.80	4.74	4.69	4.65	4.60
USD/SGD	1.35-1.39	1.38	1.37	1.35	1.34

Rates, %	Current	4Q-23	1Q-24	2Q-24	3Q-24
Fed	5.25-5.50	5.50-5.75	5.50-5.75	5.50-5.75	5.25-5.50
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	4.10	4.10	4.10	4.10	3.83
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

#### Up Next

Date	Events	Prior
26-Oct	SI Industrial Production SA MoM (Sep)	-10.50%
	HK Exports YoY (Sep)	-3.70%
	UK CBI Total Dist. Reported Sales (Oct)	-14
	EC ECB Main Refinancing Rate	4.50%
	US Wholesale Inventories MoM (Sep P)	-0.10%
	US Advance Goods Trade Balance (Sep)	-\$84.3b
	US GDP Annualized QoQ (3Q A)	2.10%
	US Durable Goods Orders (Sep P)	0.10%
	US Cap Goods Orders Nondef Ex Air (Sep P)	0.90%
	US Initial Jobless Claims	198k
	US Pending Home Sales MoM (Sep)	-7.10%
	US Kansas City Fed Manf. Activity (Oct)	-8
26-27 Oct	SI Unemployment rate SA (Sep)	1.90%

27-Oct	JN Tokyo CPI YoY (Oct)	2.80%
	AU PPI YoY (3Q)	3.90%
	CH Industrial Profits YTD YoY (Sep)	-11.70%
	US Personal Income (Sep)	0.40%
	US Personal Spending (Sep)	0.40%
	US PCE Core Deflator YoY (Sep)	3.90%
	US U. of Mich. Sentiment (Oct F)	63
	US U. of Mich. 1 Yr Inflation (Oct F)	3.80%
	US U. of Mich. 5-10 Yr Inflation (Oct F)	3.00%
	US Kansas City Fed Services Activity (Oct)	2

Source: Bloomberg

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