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Global Markets Research
Daily Market Highlights

27 Jan: Tech megacaps rally put US stocks in green

Elon Musk teased that Tesla will produce 2m EVs in 2023

US economy grew 2.9% in 4Q on consumer spending and inventory

DXY and UST yield rose after the stronger-than-expected GDP print

- A rally in tech megacaps put stocks back into the green. The Nasdaq Composite jumped 1.8%, d/d, the Dow Jones Industrial Average traded 0.6% d/d higher, while the S&P 500 added 1.1% d/d. Tesla led gains, jumping 11.0% d/d as Elon Musk teased that the carmaker will produce 2m vehicles in 2023. Technology giants Microsoft, Nvidia, Amazon and Alphabet added at least 2% each. IBM fell 4.5% on disappointing cash flow. Chevron added 4.9% after announcing a \$75bn share repurchasing program.
- European markets also advanced, building on positive momentum seen in the previous trading session. Stoxx 600 closed up 0.4% d/d, while FTSE100 added 0.2% d/d. Markets have been buoyed by data this week showing improved business sentiment in Germany and an uptick in euro zone services and manufacturing activity. In Asia, Hang Seng index also traded up 2.4% d/d, but Nikkei 225 dipped slightly by 0.1% d/d.
- Treasury yield extended rise on Thursday following the stronger-than-expected US 4Q GDP reading, as improved risk appetite in markets reduced demand for government bonds. The benchmark 10-year Treasury yield was last up 5bps at 3.50%. The 2-year Treasury yield also rose 6bps to 4.18%.
- The Dollar Index also edged higher by 0.2% d/d to 101.84 after the US GDP reading. Against USD, EUR weakened 0.2% d/d while GBP strengthened by less than 0.1% d/d. Over in Asia, JPY weakened 0.5% d/d, while MYR and SGD appreciated by 0.4% d/d and 0.1% d/d respectively. MYR and SGD closed the day at 4.2455 and 1.3120 respectively.
- Oil prices rose by more than 1% on expectations that global demand will strengthen as top oil importer China reopens its economy and on positive US economic data. Brent rose 1.6% d/d, while the West Texas Intermediate (WTI) crude rose 1.1% d/d. Price of gold slipped 0.7% d/d on a firmer Dollar.

US economy grew more than forecast at 2.9% on consumer spending and inventory

- The US economy expanded more than expected at an annualized rate of 2.9% in 4Q (3Q: +3.2%). The underlying details of the GDP, nevertheless, paint a less upbeat picture as half of the GDP increase reflected inventory growth. Personal consumption expenditure climbed below forecast at +2.1% (3Q: +2.3%), while residential investment fell 26.7% (3Q: -27.1%) Core-PCE prices, meanwhile, slowed and matched consensus at +3.9% (3Q: +4.7%).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,949.41	0.61
S&P 500	4,060.43	1.10
NASDAQ	11,512.41	1.76
Stoxx Eur 600	453.98	0.42
FTSE 100	7,761.11	0.21
Nikkei 225	27,362.75	-0.12
Hang Seng	22,566.78	2.37
Straits Times	3,377.19	0.73
KLCI 30	1,498.39	-0.07
FX		
Dollar Index	101.84	0.19
EUR/USD	1.0892	-0.22
GBP/USD	1.2408	0.04
USD/JPY	130.22	0.49
AUD/USD	0.7115	0.15
USD/CNH	6.7370	-0.52
USD/MYR	4.2455	-0.35
USD/SGD	1.3120	-0.08
Commodities		
WTI (\$/bbl)	81.01	1.07
Brent (\$/bbl)	87.47	1.57
Gold (\$/oz)	1,930.00	-0.65
Copper (\$\$/MT)	9,329.50	0.16
Aluminum(\$/MT)	2,639.00	-0.73
CPO (RM/tonne)	3,901.50	1.08

Source: Bloomberg, HLBB Global Markets Research

- US trade deficit widened more than expected to \$90.3bn in December (Nov: \$82.9bn) as exports fell 1.6% m/m (Nov: -2.8% m/m), led by sales of industrial supplies and consumer goods. Imports, on the other hand, advanced 1.9% m/m, boosted by purchases of vehicles and consumer goods.
- New home sales came above expectations at 616k in December (Nov: 602k). This marked the third monthly gain at +2.3% m/m (Nov: +0.7% m/m), but was down 26.6% on a y/y basis. The median sales price of new houses continued to fall at -3.7% m/m (Nov: -6.6% m/m) while the current inventory level is sufficient to supply 9.0 months at the current sales rate (Nov: 9.2).
- New orders for manufactured durable goods soared by more than expected at +5.6% m/m in December (Nov: -1.7% m/m). The sharp increase in durable goods orders largely reflected a substantial rebound in orders for transportation equipment. Excluding this, durable goods orders edged down by 0.1% m/m (Nov: +0.1% m/m) as decreases in orders for machinery and computers and electronic products were partly offset by a jump in orders for electrical equipment, appliances and components. The report also showed orders for non-defense capital goods excluding aircraft, a key indicator of business spending, dipped and matched expectations at -0.2% m/m (Nov: No change).
- The Chicago Fed National Activity Index (CFNAI) edged up to -0.49 in December (Nov: -0.51), while manufacturing activity in the Kansas district was mostly flat at -1 in January (Dec: -4). Expectations for future activity were however still positive and many firms expected employment levels to increase over the next six month
- Initial jobless claims continued its downward trend, falling 6k to 186k for the week ended Jan 21 (Jan 14: -14k to 192k). Continuing claims, meanwhile, rose 20k to 1675k for the week ended Jan 14 (Jan 7: +25K to 1655k).

Japan's Services PPI eased more than expected to +1.5%

- PPI Services in Japan decelerated more than expected to +1.5% y/y in December (Nov: +1.7% y/y). Softer prices were seen across board but notably for transportation as well as leasing and rental sectors.

Hong Kong's exports plunged 28.9%, the biggest monthly drop in 7 decades

- Hong Kong's exports plunged more than expected by 28.9% y/y in December (Nov: -24.1% y/y), the biggest monthly drop in seven decades amid a deteriorating external environment and disruptions to cross-boundary land transport. Exports to the Mainland, US and EU all continued to fall sharply. Moving forward, export performance will continue to be adversely affected by weak global growth in the near term, although the reopening of the city's border with mainland China should ease the downward pressure.

Singapore's manufacturing output fell less than expected, electronics output increased 4.6%

- Singapore's manufacturing output shrank for the third month in December, albeit at a less steep rate than expected at -3.1% y/y (Nov: -3.8% y/y). Production was dragged down by volatile biomedical production. Excluding this cluster, output edged up 0.3% y/y as electronics output grew 4.6% y/y (Nov: -12.4% y/y).

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DXY	101-104	98.00	96.04	96.04	96.04
EUR/USD	1.07-1.09	1.10	1.11	1.11	1.11
GBP/USD	1.21-1.27	1.26	1.27	1.27	1.27
USD/JPY	127-133	130	128	128	128
AUD/USD	0.68-0.72	0.70	0.72	0.72	0.72
USD/MYR	4.30-4.35	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
27-Jan	US Kansas City Fed Manf. Activity (Jan)	-9
	JN Tokyo CPI YoY (Jan)	4.00%
	NZ ANZ Business Confidence (Jan)	-70.2
	AU PPI YoY (4Q)	6.40%
	US Personal Income (Dec)	0.40%
	US Personal Spending (Dec)	0.10%
	US Pending Home Sales MoM (Dec)	-4.00%
	US U. of Mich. Sentiment (Jan F)	64.6
	US U. of Mich. 1 Yr Inflation (Jan F)	4.00%
	US U. of Mich. 5-10 Yr Inflation (Jan F)	3.00%
30-Jan	EC Economic Confidence (Jan)	95.8
	US Dallas Fed Manf. Activity (Jan)	-18.8

Source: Bloomberg

Hong Leong Bank Berhad

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

HLMarkets@hlbb.hongleong.com.my

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