

27 September 2023

Global Markets Research

Daily Market Highlights

27 Sep: Risk-off amid multiple negative headlines

Multiple headwinds hit Wall Street; UST closed little change; DXY saw extended rally
US consumer confidence and new home sales disappointed; house prices advanced
Japan's Finance Minister: Government watching currency moves with high urgency

- Wall Street tumbled further on Tuesday as investor sentiment continued to be dampened by concerns over the state of the US economy, higher UST yields, threats of a government shutdown as well as jittery over China's property sector. The Dow lost 1.1% d/d, the S&P 500 slid 1.5% d/d while Nasdaq pulled back 1.6% d/d. Overnight, consumer confidence and new home sales disappointed, while JPMorgan Chase CEO Jamie Dimon warned that interest rates may need to rise to 7.00% further to tamp down inflation, adding to the bearish sentiment. Notably, Amazon shares fell 4.0% d/d after the Federal Trade Commission filed an antitrust lawsuit.
- Stoxx Eur 600 closed 0.6% d/d lower amid lingering selling pressure, while FTSE100 closed just above the flatline. Major regional equity markets also closed in the red, led by Hang Seng at -1.5% d/d. In view of the bearish sentiment overnight, Asian stocks are expected to extend their downward trend today.
- Treasuries closed little change, with the 10Y yield ending up by less than 1bps to 4.54%, while the 2Y slid less than 1bps to 5.12%. The former reached as high as 4.56% during the day, its highest level since Oct 2007. 10Y European bond yields saw more modest 0-8bps increases during the day.
- DXY climbed to an intraday peak of 106.26 before closing at 106.23 (+0.2% d/d). Signs that the BOE and ECB will hold rates steady weighed on European currencies, sending the GBP and EUR weaker in tune to 0.2-0.4% d/d, both brushing their 6-month lows. In Asia, JPY weakened 0.1% d/d to 149.07 amid intervention watch. Finance Minister Shunichi Suzuki said the government was "watching currency moves with a high sense of urgency." MYR and SGD also depreciated between 0.1-0.2% d/d each to 4.6908 and 1.3689, but CNH strengthened 0.1% d/d to 7.3101.
- Crude oil prices rebounded between 0.7%-0.8% d/d on worries over scarce supply after Russia's export ban although the ban has since been partially lifted.

US consumer confidence fell for the second month; home prices rallied even as new home sales fell; disappointing district performances

- The Conference Board Consumer Confidence Index declined for the second month and more than expected to 103.0 in Sep (Aug: 108.7). The disappointing result reflected another decline in the Expectations Index to 73.7 (Aug: 83.3),

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,618.88	-1.14
S&P 500	4,273.53	-1.47
NASDAQ	13,063.61	-1.57
Stoxx Eur 600	447.70	-0.61
FTSE 100	7,625.72	0.02
Nikkei 225	32,315.05	-1.11
CSI 300	3,692.89	-0.58
Hang Seng	17,466.90	-1.48
Straits Times	3,215.07	-0.01
KLCI 30	1,445.55	0.15
FX		
Dollar Index	106.23	0.22
EUR/USD	1.0572	-0.20
GBP/USD	1.2158	-0.43
USD/JPY	149.07	0.13
AUD/USD	0.6397	-0.42
USD/CNH	7.3101	-0.08
USD/MYR	4.6908	0.09
USD/SGD	1.3689	0.19
Commodities		
WTI (\$/bbl)	90.39	0.79
Brent (\$/bbl)	93.96	0.72
Gold (\$/oz)	1,901.60	-0.87
Copper (\$\$/MT)	8,091.00	-0.67
Aluminum (\$/MT)	2,243.50	0.45
CPO (RM/tonne)	3,677.00	0.89

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 25 Sept for CPO

signalling possibilities of a recession within the next year and largely reflecting less confidence about future business conditions, job availability and incomes.

- Data showed that home prices rallied in July while new home sales declined more than expected by 8.7% m/m in Aug (Jul: +8.0% m/m), as limited housing inventory continued to push up prices. The S&P CoreLogic CS US HPI accelerated to +1.0% y/y in July (June: +0.01% y/y), while the FHFA House Price Index picked up more than expected by 0.8% m/m (June: +0.4% /m). Moving forward, while price gains could be weighed down by increases in mortgage rates and general economic weakness, the breadth and strength of the latest report paints an optimistic view for future home price gains.
- Another slew of mostly negative Fed district prints, largely in line with the global S&P PMIs and pointing to tentative signs of convergence for both sectors. While the Richmond Fed Manufacturing Index improved to +5 in Sep (Aug: -7), the services sector activity worsened to -5 (Aug: +1). Both the Dallas and Philadelphia service indices also deteriorated to -8.6 (Aug: -2.7) and -16.6 (Aug: -13.1) respectively.

Hong Kong exports logged 16 months of contraction

- Exports posted its longest streak of declines, although less than expected by 3.7% y/y in Aug (Jul: -9.1% y/y). Moving forward, weak external demand as well as slow economic recovery in China will continue to weigh on Hong Kong's exports in the near term. As it is, exports to the US and EU shrank notably during the month, while exports to Asia also dropped. Exports to China fell 1.5% y/y. By commodity, the contraction was led by office machines and automatic data processing machines as well as professional, scientific and controlling instruments and apparatus.

Singapore's manufacturing output plunged double digit on electronics

- IPI plunged more than expected by 12.1% y/y in Aug (Jul: -1.1% y/y), the most since November 2019 with all clusters recording contraction save transport engineering. Electronic output specifically, fell 20.0% y/y (Jul: +5.1% y/y), dragged down by other electronics modules & components, computer peripherals & data storage and semiconductors, amid continued weak electronics end-markets globally.

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	1.21-1.25	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	1.35-1.38	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	5.50-5.75	5.50-5.75	5.50-5.75
ECB	4.50	4.50	4.50	4.50	4.50
BOE	5.25	5.25	5.25	5.25	5.25
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
27-Sep	AU CPI YoY (Aug)	4.90%
	CH Industrial Profits YoY (Aug)	-6.70%
	JN Leading Index CI (Jul F)	107.6
	US MBA Mortgage Application	5.40\$
	US Durable Goods Orders (Aug P)	-5.20%
28-Sep	US Cap Goods Orders Nondef Ex Air (Aug P)	0.10%
	AU Job Vacancies QoQ (Aug)	-2.00%
	AU Retail Sales MoM (Aug)	0.50%
	EC Consumer Confidence (Sep F)	-17.8
	US GDP Annualized QoQ (2Q T)	2.10%
	US Initial Jobless Claims	201k
	US Pending Home Sales MoM (Aug)	0.90%
	US Kansas City Fed Manf. Activity (Sep)	0
	UK Nationwide House PX MoM (Sep)	-0.80%

Source: Bloomberg

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