

29 August 2023

## Global Markets Research

### Daily Market Highlights

## 29 Aug: Powell's comments echoed on Monday

**Global equities closed in the green; UST yields and DXY retreated on better sentiment**

**Dallas Fed manufacturing turned less negative; labour and housing data up next**

**Japan's jobless rate inched up to 2.7%; Australia's retail sales rebounded**

- Fed Chair Jerome Powell's comments of a resilient economy echoed through Monday, boosting sentiment and Wall Street, sending S&P 500 and NASDAQ up 0.6-0.8% d/d, first back-to-back gains for both indices this month. Dow Jones also closed 0.6% d/d higher. Shares of 3M rallied more than 5% after a Bloomberg News report that the company was ready to settle lawsuits alleging some US military combat earplugs were faulty.
- Markets were closed in the UK for a public holiday, but Stoxx Eur closed 0.9% d/d higher. Mainland Chinese and Hong Kong stocks led gains in Asia, after the Chinese authorities trimmed the stamp duty on securities trading. The benchmark CSI 300 surged 1.2% d/d, while Hang Seng index jumped 1.0% d/d. Shares of Evergrande, meanwhile, plunged 78.9% d/d as trade resumed after 17 months of trading halt. Nikkei 225 climbed 1.7% d/d.
- UST yields closed lower despite investors remained largely focused on Fed Chair Jerome Powell's policy stance of "higher for longer." Both the 2Y and 10Y fell 3bps each to 5.05% and 4.20%. 10Y European bond yields closed mixed in a narrow range between -2 to +2bps.
- DXY traded in a thin range between 103.98 and 104.21 before settling flattish at 104.06. EUR and GBP appreciated by 0.2% d/d each, while in Asia, JPY depreciated by 0.1% d/d to close at 146.54 after briefly hitting its 9-month low of 146.74 during the day. CNH and SGD closed flattish at 7.2933 and 1.3560, while MYR weakened 0.3% d/d to 4.6550.
- Oil prices ended on a mixed note, with Brent down 0.1% d/d, but the West Texas Intermediate rose 0.3% d/d on storm risks in the Gulf of Mexico Coast which could threaten supply.

#### US Dallas Fed Manufacturing improved but still in negative

- Dallas Fed Manufacturing Activity improved more than expected to -17.2 in August (Jul: -20.0). Of note, uncertainty regarding outlooks continued to rise. Though still positive, this is the lowest reading in more than two years. The production index also fell 6 points to -11.2, its lowest level since May 2020. Expectations regarding future manufacturing activity were mixed, with most measures retreating but remained in positive territory.

#### Australia's retail sales rebounded more than expected by +0.5% m/m

- Australia's retail sales partially reversed June' dismal performance, rebounding more than expected to +0.5% m/m in July (June: -0.8% m/m).

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	34,559.98	0.62
S&P 500	4,433.31	0.63
NASDAQ	13,705.13	0.84
Stoxx Eur 600	455.41	0.89
FTSE 100	7,338.58	0.07
Nikkei 225	32,169.99	1.73
Hang Seng	18,130.74	0.97
Straits Times	3,213.68	0.75
KLCI 30	1,444.06	-0.02
<b>FX</b>		
Dollar Index	104.06	-0.02
EUR/USD	1.0819	0.21
GBP/USD	1.2602	0.19
USD/JPY	146.54	0.07
AUD/USD	0.6429	0.39
USD/CNH	7.2933	-0.02
USD/MYR	4.6550	0.31
USD/SGD	1.3560	-0.01
<b>Commodities</b>		
WTI (\$/bbl)	80.10	0.34
Brent (\$/bbl)	84.42	-0.07
Gold (\$/oz)	1,917.90	0.36
Copper (\$\$/MT)	8,355.50	-0.05
Aluminum(\$/MT)	2,150.50	-0.32
CPO (RM/tonne)	3,804.50	-0.29

Source: Bloomberg, HLBB Global Markets Research  
 \* Dated as of 25 Aug for CPO, FTSE100, Copper, Aluminium

While sales picked up, underlying growth in retail turnover nevertheless remained subdued. Most non-food industries rose, led by department stores, followed by clothing, footwear and personal accessory retailing. Food-related spending was mixed, with sales at cafes, restaurants and takeaway food services boosted by the FIFA Women's World Cup and school holidays, but food retailing remained unchanged.

#### Japan's final leading index maintained at 108.9; Jobless rate unexpectedly inched up to 2.7%

- Japan's final Leading Index was maintained at 108.9 for June (May: 109.1) while the coincident index was revised 0.1ppts lower to 115.2 (May: 114.3). The m/m decline for the former was driven by a negative turnaround in new job offers and floor area for housing starts as well as worsened small business sales forecast.
- Jobless rate unexpectedly inched up to 2.7% in July (June: 2.5%) as the job-applicant ratio trended down to 1.29 (June: 1.30).

#### House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DXY	101-106	102	101	100	99
EUR/USD	1.06-1.10	1.11	1.12	1.14	1.12
GBP/USD	1.24-1.29	1.29	1.31	1.33	1.30
USD/JPY	142-148	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
29-Aug	US FHFA House Price Index MoM (Jun)	0.70%
	US S&P CoreLogic CS US HPI YoY NSA (Jun)	-0.46%
	US JOLTS Job Openings (Jul)	9582k
	US Conf. Board Consumer Confidence (Aug)	117
	US Dallas Fed Services Activity (Aug)	-4.2
30-Aug	AU Building Approvals MoM (Jul)	-7.70%
	AU CPI YoY (Jul)	5.40%
	JN Consumer Confidence Index (Aug)	37.1
	UK Net Consumer Credit (Jul)	1.7b
	UK Mortgage Approvals (Jul)	54.7k
	EC Economic Confidence (Aug)	94.5
	US MBA Mortgage Applications	-4.20%
	US ADP Employment Change (Aug)	324k
	US Advance Goods Trade Balance (Jul)	-\$87.8b
	US GDP Annualized QoQ (2Q S)	2.40%
	US Wholesale Inventories MoM (Jul P)	-0.50%
	US Retail Inventories MoM (Jul)	0.70%
	US Pending Home Sales MoM (Jul)	0.30%

Source: Bloomberg

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