30 January 2023

Global Markets Research
Daily Market Highlights

30 Jan: Stocks closed higher

NASDAQ post fourth week of gains; some chip stocks rose even as Intel slumped 6.4%
DXY, UST yield post modest gains while awaiting FOMC meeting
US core-PCE prices eased to +4.4%; raising bets on further dial-back in Fed rate hike pace

- Stocks rose Friday and capped off a winning week fuelled by better-than-expected economic growth and a pop in Tesla shares. The Nasdaq Composite jumped 1.0% d/d, S&P 500 gained 0.3% d/d while the Dow Jones Industrial Average added 0.1% d/d. Earnings season pressed on, with strong guidance boosting American Express shares by 10.5% d/d. Some chip stocks rose even as Intel slumped 6.4% d/d on a dismal earnings report that missed expectations. Stoxx 600 index closed 0.3% d/d higher, while FTSE 100 added 0.1% d/d in Europe. In Asia, Nikkei 225 was slightly above the flatline at +0.1% d/d, while Hang Seng index rose 0.5%.

- Treasury yields climbed on Friday, with the yield on the benchmark 10-year Treasury up by 1bps to 3.50% after topping 3.56% earlier in the session. The 2-year Treasury yield last traded at 4.20% after rising by around 2bps.

- USD clung to modest gains, with the Dollar Index up 0.1% d/d to 101.93 as investors await policy meetings this week. Both the EUR and GBP were 0.2% d/d weaker vis-à-vis USD, with the latter weighed down by worries that the British economy's slowdown may prompt the BOE to end its tightening cycle soon. In Asia, JPY strengthened 0.3% d/d as hot Tokyo inflation readings spurred bets that a hawkish pivot from the BOJ could be in the offing. MYR appreciated slightly less than 0.1% d/d to 4.2440 while SGD depreciated 0.1% d/d to 1.3136.

- Oil prices settled lower ahead of the OPEC+ committee meeting and EU ban on Russia oil products. Brent settled down 0.9%, d/d, while the WTI fell 1.6% d/d. Gold steadied (-0.03% d/d) with gains capped by a stronger USD.

US Core-PCE prices eased to +4.4%; pending home sales unexpectedly rebounded

- The Fed's preferred inflation gauge, core PCE prices expectedly eased to the slowest pace in over a year at +4.4% y/y in December (Nov: +4.7% y/y), effectively paving the way for the Fed to dial down its rate hikes to 25 bps this week. On a m/m basis nevertheless, core prices were up +0.3% (Nov: +0.2% m/m), driven almost entirely by services as goods disinflation continued. Real personal spending, meanwhile, fell more than expected at -0.3% m/m (Nov: -0.2% m/m), while personal income matched expectations to decelerate to +0.2% m/m (Nov: +0.3% m/m).
- The University of Michigan revised its final Consumer Sentiment Index for January to 64.9 from a preliminary reading of 64.6 (Dec: 59.7). Year-ahead

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,978.08	0.08
S&P 500	4,070.56	0.25
NASDAQ	11,621.71	0.95
Stoxx Eur 600	455.17	0.26
FTSE 100	7,765.15	0.05
Nikkei 225	27,382.56	0.07
Hang Seng	22,688.90	0.54
Straits Times	3,394.21	0.50
KLCI 30	1,497.55	-0.06
FX		
Dollar Index	101.93	0.09
EUR/USD	1.0868	-0.22
GBP/USD	1.2382	-0.21
USD/JPY	129.88	-0.26
AUD/USD	0.7100	-0.21
USD/CNH	6.7569	0.30
USD/MYR	4.2440	-0.04
USD/SGD	1.3136	0.12
Commodities		
WTI ($/bbl)	79.68	-1.64
Brent ($/bbl)	86.66	-0.93
Gold ($/oz)	1,929.40	-0.03
Copper ($$/MT)	9,263.50	-0.71
Aluminum($/MT)	2,627.00	-0.45
CPO (RM/tonne)	3,746.50	-3.97

Source: Bloomberg, HLBB Global Markets Research inflation expectations receded for the fourth straight month, falling to +3.9% y/y in January (Dec: +4.4% y/y), while long-run inflation expectations remained unchanged at +2.9% y/y.

- Pending home sales unexpectedly increased 2.5% m/m in December (+Nov: -2.6% m/m), the first time since May 2022. Mortgage rates were the dominant factor driving home sales, and recent declines in rates are clearly helping to stabilize the market.
- Kansas City services activity fell further to -11 in January (Dec: -5). Moving forward, firms are expecting a slight decline in future activity, but hiring plans remain moderately positive.

Australia's PPI decelerated in 4Q

- Growth in Australia's producer price (PPI) decelerated to +0.7% q/q in 4Q (3Q: +1.9% q/q). Having that said, price pressures remained as seen in output prices for building construction continued to be affected by ongoing supply chain disruptions for imported products, high demand for finishing stage materials and skilled labour shortages. Prices in the heavy and civil engineering construction industry, meanwhile, were hit with increased costs for diesel and strong demand for skilled labour. Prices of computer and electronic equipment manufacturing were impacted by exchange rate movements.

Tokyo CPI continued to pick up more than expected to +4.3%

- The Tokyo Core CPI continued to outpace expectations at +4.3% in January (Dec: +3.9% y/y), the strongest since 1981. Processed food continues to be the single largest contributor to price growth, followed by energy prices.

Vietnam's inflation accelerated to 4.9%; exports plunged 21.3%

- In January, Vietnam's inflation accelerated more than expected to +4.9% y/y (Dec: +4.6% y/y), while the contraction in exports and imports worsened more than expected at -21.3% y/y (Dec: -14.0% y/y) and -28.9% y/y (Dec: -8.1% y/y) respectively. In tandem with this, IPI contracted 8.0% y/y (Dec: +0.2% y/y), led by lower output in the manufacturing, mining and electric output.

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DXY	101-103	98.00	96.04	96.04	96.04
EUR/USD	1.08-1.12	1.10	1.11	1.11	1.11
GBP/USD	1.23-1.27	1.26	1.27	1.27	1.27
USD/JPY	128-131	130	128	128	128
AUD/USD	0.69-0.73	0.70	0.72	0.72	0.72
USD/MYR	4.20-4.24	4.31	4.28	4.28	4.28
USD/SGD	1.30-1.32	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
30-Jan	EC Economic Confidence (Jan)	95.8
	US Dallas Fed Manf. Activity (Jan)	-18.8
31-Jan	JN Jobless Rate (Dec)	2.50%
	JN Retail Sales MoM (Dec)	-1.10%
	JN Industrial Production MoM (Dec P)	0.20%
	AU Retail Sales MoM (Dec)	1.40%
	CH Industrial Profits YTD YoY (Dec)	-3.60%
	CH Manufacturing PMI (Jan)	47
	CH Non-manufacturing PMI (Jan)	41.6
	CH Industrial Profits YoY (Dec)	0.80%
	JN Consumer Confidence Index (Jan)	30.3
	JN Housing Starts YoY (Dec)	-1.40%
	UK Net Consumer Credit (Dec)	1.5b
	EC GDP SA QoQ (4Q A)	0.30%
	AU CoreLogic House Px MoM (Jan)	-
	US Employment Cost Index (4Q)	1.20%
	US FHFA House Price Index MoM (Nov)	0.00%
	US S&P CoreLogic CS 20-City MoM SA (Nov)	-0.52%
	US MNI Chicago PMI (Jan)	44.9
	US Conf. Board Consumer Confidence (Jan)	108.3
	US Dallas Fed Services 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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