31 January 2023

Global Markets Research

Daily Market Highlights

31 Jan: NASDAQ suffered the biggest fall in a month

US stocks declined amid cautiousness ahead of FOMC meeting and big tech earnings

DXY climbed 0.3%; subdued FX market ahead of FOMC, ECB and BOE meetings

WTI slid below $78/barrel on lack of demand clarity

- US stocks declined on Monday as investors turn cautious going into an eventful week that includes the FOMC meeting and a slew of big-tech earnings. NASDAQ specifically, suffered its worst day since 22 Dec, dipping 2.0% /d while S&P fell 1.3% d/d, the most since 18 Jan. Declines in Apple and Microsoft shares weighed on both the indices as investors await earnings from Alphabet and Meta Platforms later this week. Dow Jones also fell 261 points or 0.8% d/d.

- European markets generally closed lower as investors focused on the string of central bank meetings this week. Stoxx 600 index closed down 0.2%, with most sectors in negative territory. In the Asia-Pacific region, stocks traded mixed but shares of Adani Group remained volatile and in focus after the conglomerate rebutted short seller firm Hindenburg's accusations of fraud. Nikkei 225 added 0.2% d/d, while Hang Seng fell 2.7% d/d.

- Treasuries was under pressure, with yields climbing across the curve. The benchmark 2 and 10-year rose 4bps each to 4.23% and 3.54% respectively.

- The Dollar Index firmed up slightly by +0.3% d/d to close at 102.24, but moves were subdued ahead of the Fed, ECB and BOE meetings. EUR and GBP weakened by 0.2%-0.3% d/d each. Elsewhere, JPY slipped marginally to 130.39 (-0.4% d/d) while CNH was flat. Both the MYR and SGD also moved less than 0.1% d/d each to close at 4.2430 and 1.3144 respectively.

- The West Texas Intermediate (WTI) slid below $78/barrel as traders await clues about the Fed's path ahead. Technical indicators also drove the market direction amidst lack of clarity on crude demand. The WTI fell 2.0% d/d, while Brent fell at a smaller pace of 0.9% d/d. As USD firmed up, prices of gold slipped 0.3% d/d.

Dallas Fed Manufacturing Index improved but still negative

- Dallas Fed Manufacturing Activity improved more than expected to -8.4 in January (Dec: -20.0). Expectations regarding future manufacturing activity were mixed for the month. The future production index pushed further into positive 16.1 (Dec: 10.1) signalling that respondents expect output growth over the next six months. The future general business activity index remained negative, coming in at -9.1 (Dec: -9.6). Most other measures of future manufacturing activity were positive this month.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,717.09	-0.77
S&P 500	4,017.77	-1.30
NASDAQ	11,393.81	-1.96
Stoxx Eur 600	454.40	-0.17
FTSE 100	7,784.87	0.25
Nikkei 225	27,433.40	0.19
Hang Seng	22,069.73	-2.73
Straits Times	3,378.29	-0.47
KLCI 30	1,499.39	0.12
FX		
Dollar Index	102.24	0.31
EUR/USD	1.0851	-0.16
GBP/USD	1.2352	-0.24
USD/JPY	130.39	0.39
AUD/USD	0.7060	-0.56
USD/CNH	6.7565	-0.01
USD/MYR	4.2430	-0.02
USD/SGD	1.3144	0.06
Commodities		
WTI ($/bbl)	77.81	-1.98
Brent ($/bbl)	85.59	-0.86
Gold ($/oz)	1,922.50	-0.26
Copper ($$/MT)	9,196.50	-0.79
Aluminum($/MT)	2,566.00	-2.34
CPO (RM/tonne)	3,837.00	2.44

Source: Bloomberg, HLBB Global Markets Research

Eurozone's ESI rose more than expected, consumer confidence recovered further

- The Economic Sentiment Indicator (ESI) rose more than expected to 99.9 in January (Dec: 97.1) With this third consecutive increase, the ESI is approaching its long-term average. Consumer confidence, specifically, recovered further to -20.9 (Dec: -22.1) as consumers were more positive about the general economic situation of their country, their future financial situation and their intentions to make major purchases, while views on their household's past financial situation remained stable.
- Germany's preliminary GDP unexpectedly fell 0.2% q/q in 4Q (3Q: +0.5% q/q). For the whole of 2022, the economy grew by 1.9% y/y and is expected to slow to +0.2% y/y in 2023.

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
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
1-Feb	AU Judo Bank Australia PMI Mfg (Jan F)	49.8
	JN Jibun Bank Japan PMI Mfg (Jan F)	48.9
	MA S&P Global Malaysia PMI Mfg (Jan)	47.8
	VN S&P Global Vietnam PMI Mfg (Jan)	46.4
	CH Caixin China PMI Mfg (Jan)	49
	HK GDP SA QoQ (4Q A)	-2.60%
	EC S&P Global Eurozone Manufacturing PMI (Jan F)	48.8
	UK S&P Global/CIPS UK Manufacturing PMI (Jan F)	46.7
	EC Unemployment Rate (Dec)	6.50%

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EC CPI MoM (Jan P)	-0.40%
US MBA Mortgage Applications	7.00%
US ADP Employment Change (Jan)	235k
US S&P Global US Manufacturing PMI (Jan F)	46.8
US Construction Spending MoM (Dec)	0.20%
US ISM Manufacturing (Jan)	48.4
US JOLTS Job Openings (Dec)	10458k

Source: Bloomberg