

Global Markets Research

Weekly Market Highlights

Markets

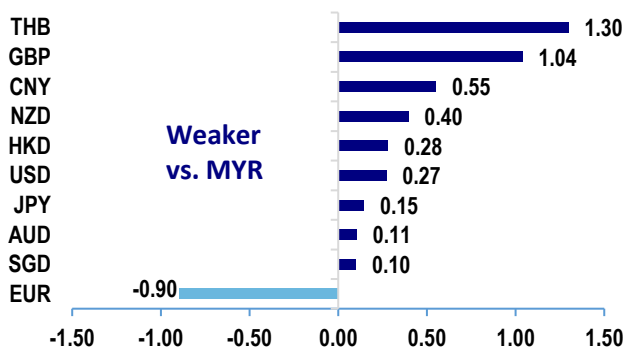
	Last Closing	WOW%	YTD %
Dow Jones Ind.	35,870.95	-0.14	17.20
S&P 500	4,704.54	1.19	25.25
FTSE 100	7,255.96		12.31
Hang Seng	25,319.72		-7.02
KLCI	1,523.79	0.33	-6.36
STI	3,237.02	-0.03	13.83
Dollar Index	95.54	0.38	6.23
WTI oil (\$/bbl)	79.01	-3.16	62.84
Brent oil (\$/bbl)	81.24	-1.97	56.83
Gold (\$/oz)	1,861.40	-0.13	-1.84

Source: Bloomberg

- US equities traded on a choppy note this week as investors weighed inflation concerns against upbeat US data. The S&P 500 and NASDAQ managed to set record highs twice this week on strong retail headlines. The pan-European STOXX Europe 600 also advanced to a new high, underpinned by the strong corporate earnings despite mounting inflation concerns. Oil prices were down this week amid speculations that the US and other countries may tap into their respective oil reserves to address the supply-demand mismatch that had driven up global oil prices
- The Eurozone and UK reported elevated inflation while Japan recorded nearly-zero increase in prices. China's retail sales and IPI outperformed forecast. Key data next week are preliminary PMI reports for developed economies. The FOMC minutes for 03 Nov meeting is also expected. The RBNZ is projected to raise the Official Cash Rate by another 25bps to 0.75%.

Forex

MYR vs. Major Currencies (% w/w)

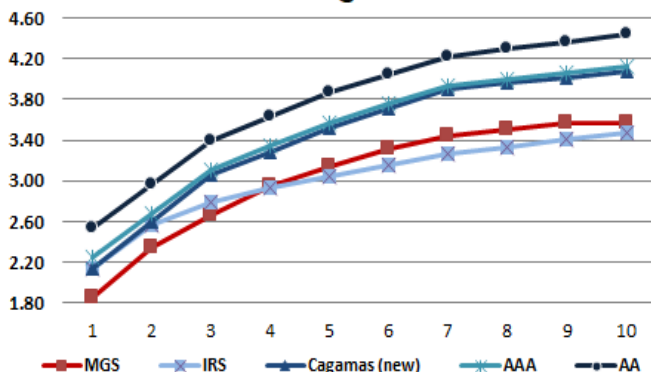


Source: Bloomberg

- **MYR:** USD/MYR's upward trajectory stayed extended for another week on the back of a bullish USD amid inflationary concerns and Fed rate hike expectations. The pair last settled at 4.1820 on Thursday, up 0.27% w/w after having traded between 4.1580 and 4.1830 over the last five trading sessions. Weekly outlook for USD/MYR remains **Neutral-to-Bullish** in our view, premising on expectations for a still firm USD, with little domestic catalyst to drive the MYR. We are eyeing a range of 4.16-4.20 for the week ahead.
- **USD:** DXY peaked at 96.24 on 17 Nov before closing at 95.54 on Thursday. Although markets remain concerned regarding inflationary threats, retail sales grew as expected in Oct. We are **Neutral-to-Bullish** on the USD for the week ahead, watching a psychological resistance of 96.50 and support of 95.10. Bullish momentum is still lingering in our view. For the week ahead, markets are likely eyeing Markit PMI numbers for November and FOMC meeting minutes for guidance.

Fixed Income

Indicative Yields @ 18 Nov 2021



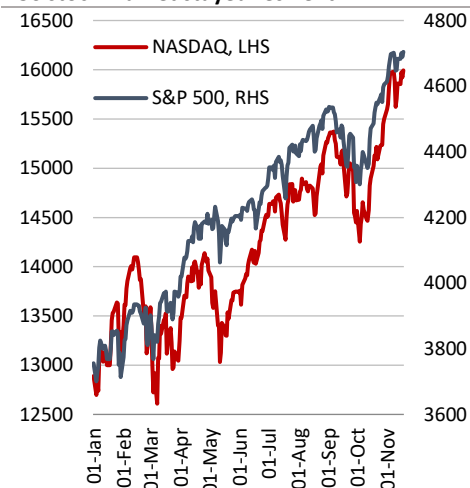
Source: Bloomberg

- **UST:** USTs were mostly weaker w/w save for the front-end, influenced by heavy corporate issuance calendar, the surge in US retail sales, hawkish comments from Fed Bullard and also earlier expectations for the Fed to commence hiking rates by mid-2022. The steeper curve saw overall yields close between 0-7bps higher w/w save for the 2Y UST yield which eased 2bps to 0.50%. T-bills cheapened as some investors have begun to search for higher yields to hold short-tenured debt with limit guidance expected to be issued soon as the present debt limit expires on 15th December. Expect a less volatile week ahead for USTs as lesser fresh developments are expected on the fixed income front.
- **MGS/GII:** Local govies were seen mostly mixed and directionless w/w despite a positive start to the week arising from the view that the excess real yield for the MYR was favorable. Overall benchmark yields closed between -10 to +10bps with the longer-end MGS richer for the week. The average weekly secondary market volume rose 13.5% @ RM14.96b versus prior week's RM13.18b. The 15Y MGS auction saw solid demand especially from pension funds, GLC's, life insurance companies and also foreign parties. BNM is expected to carry out an MGS switch auction totaling RM3.5b from market participants via principal dealers on 25th November. Expect bonds to remain range-bound next week in the absence of market-moving catalysts.

Macroeconomic Updates

- US stocks ticked up this week:** US equities traded on a choppy note this week as investors weighed inflation concerns against upbeat US data. The S&P 500 and NASDAQ managed to set record highs twice this week on strong retail headlines. This came after the US reported strong retail sales in October while retailing giants Macy's and Kohl's announced positive third quarter earnings. Energy shares were weighed by President Biden's call to investigate O&G companies on possible misconduct that kept gasoline prices high. The pan-European STOXX Europe 600 also advanced to a new high, underpinned by the strong corporate earnings despite mounting inflation concerns.
- Traders braced for potential release of oil reserves:** Oil prices were down this week amid speculations that the US and other countries may tap into their respective oil reserves to address the supply-demand mismatch that had driven up global oil prices. On Thursday, China is said to be working towards opening up its storage. Both Presidents Biden and Xi discussed this issue during a US-China virtual summit on Monday.
- US retail sales, industrial production beat expectations :** US October retail sales beat expectations, growing 1.7% m/m as sales picked up in nearly all categories of goods and services. The strong October print highlights the fading concerns of the Delta variant and consumer's eagerness to spend for the holidays season despite the higher inflation. On the production front, industrial production rebounded by 1.6% m/m in October as output recovered from the effect of Hurricane Ida. Manufacturing output rose 1.2% m/m, thanks to the large gain in productions of motor vehicles & parts. Utilities output also picked up as the temperature turned colder. Initial jobless claims stayed steady at 268k last week as demand for labour is high in the US.
- Mixed home building data in US:** Homebuilding data came in on a mixed note as housing starts unexpectedly 0.7% m/m in October, while building permits rose more than expected by 4.0% m/m. The mismatch reflects the impact of supply chain constraint and the resulting high construction cost as developers deferred projects. Sentiment among homebuilders were high though, as reflected in the 3-point increase in the NAHB Housing Market Index in November.
- Inflation rose in Europe, remained non-existent in Japan:** The Eurozone's HICP inflation for October surged to 4.1% y/y (Sep: +3.4%) while the UK's CPI also jumped to a 10-year high of 4.2% y/y in the same month. The sky-high energy costs, the passing of costs from producers to consumers as well as the generally stronger consumer demand helped push up inflation. On the contrary, Japan continued to report inflation at nearly 0% (the key CPI gauge rose a mere 0.1% y/y in October), highlighting the country's unique inflation trend and the BOJ's likely prolonged commitment to ultra loose policy.
- China data came in positive :** China's October retail sales and industrial production outperformed the consensus forecasts while fixed investment growth came in slightly weaker than expected. Retail sales rose 4.9% y/y in October as consumers ramped up spending during the Golden Week holiday in the first week of October. Industrial production rose 3.5% y/y after the electricity shortage crisis eased. Fixed investment growth for the period of January-October rose 6.1% y/y amid the authorities' effort to curb the real estate sector.
- FOMC minutes, flash PMI data in focus next week:** Key data next week are preliminary PMI reports for developed economies (US, Eurozone, UK, Japan). The US also reports its second estimate of 3Q GDP growth (the first estimate showed the economy grew at 2.0% q/q annualised rate) as well as the monthly personal income and spending data that include the core PCE inflation. Apart from that, the FOMC minutes for 03 Nov meeting is also expected. The RBNZ is projected to raise the Official Cash Rate by another 25bps to 0.75%.

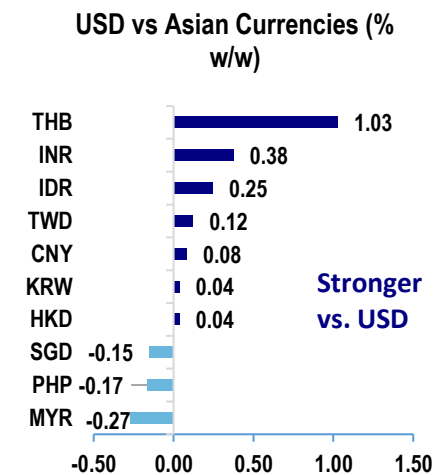
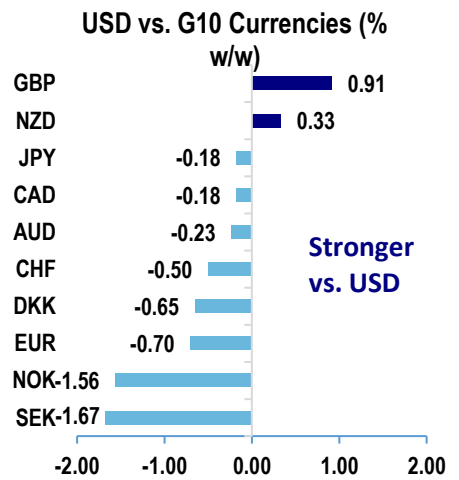
US stock market stayed resilient



Source: Bloomberg

Foreign Exchange Market

- MYR:** USD/MYR's upward trajectory stayed extended for another week on the back of a biddish USD amid inflationary concerns and Fed rate hike expectations. The pair last settled at 4.1820 on Thursday, up 0.27% w/w after having traded between 4.1580 and 4.1830 over the last five trading sessions. Weekly outlook for USD/MYR remains **Neutral-to-Bullish** in our view, premising on expectations for a still firm USD, with little domestic catalyst to drive the MYR. We are eyeing a range of 4.16-4.20 for the week ahead.
- USD:** DXY peaked at 96.24 on 17 Nov before closing at 95.54 on Thursday. Although markets remain concerned regarding inflationary threats, retail sales grew as expected in Oct. We are **Neutral-to-Bullish** on the USD for the week ahead, watching a psychological resistance of 96.50 and support of 95.10. Bullish momentum is still lingering in our view. For the week ahead, markets are likely eyeing Markit PMI numbers for November and FOMC meeting minutes for guidance.
- EUR:** EUR/USD was down 0.7% w/w, closing at 1.1371 on Thursday after a low of 1.1264 on Wednesday. Eurozone GDP came in mostly within expectations in 3Q (3.7% y/y). We are **Neutral-to-Bearish** on EUR/USD on a 1-week basis, with 1.12 the next psychological big figure support. Resistance is at 1.1440 for any reversal. Markets are eyeing any divergence within major PMI figures and also on central bank rhetoric ahead for the pair.
- GBP:** GBP/USD was up 0.91% w/w, closing at 1.3494 on Thursday. The bid tone came after prior underperformance. This was helped by more bullish positioning that Bank of England will start turning hawkish. Inflationary prints in the UK are at the highest in a decade, in line with global trends. We are **Neutral-to-Bearish** on GBP/USD over the coming week, eyeing 1.3350 as support and 1.3610 as resistance.
- JPY:** USD/JPY was up by 0.18% w/w, closing at 114.26 on Thursday after nearly hitting the 115 big figure. 3Q GDP showed the economy performing below consensus expectations in 3Q (-0.8% q/q versus -0.2%). Trade deficit persisted for a 3rd consecutive month in Oct. Japan's inflation came in at 0.1% y/y in Oct, still looking subdued compared to the high prints around the rest of the world. We are **Neutral-to-Bullish** on the USD/JPY for the week ahead, with a psychological resistance of 115 and support of 111.50. Jibun Bank PMIs are the pick of the data indices to watch for the week.
- AUD:** AUD/USD was down by 0.23% w/w, closing at 0.7277 on Thursday. The pair was supported by positioning towards RBA tightening. RBA minutes opened the door to an interest rate hike before 2024, from inflationary threats. We are **Neutral-to-Bearish** on AUD/USD over the coming week, eyeing 0.71 as support and 0.74 as resistance. Markets likely watch for November Markit PMIs results for Australia on 23 Nov.
- SGD:** USD/SGD was up 0.16% w/w to close at 1.3563 on Thu close. This came amid the US dollar peaking mid-week. Singapore's non-oil domestic exports came in strongly for October, growing at 17.9% y/y, compared to 12.0% a month ago. We are **Neutral-to-Bullish** on USD/SGD for the week ahead, eyeing resistance at 1.3660 and support at 1.3500. Technicals look bullish. Singapore will release inflation and industrial production data in the coming week, as well as update the final GDP print for 3Q.



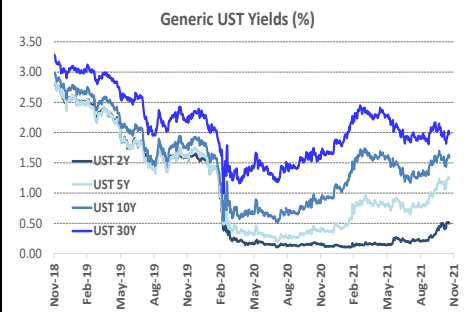
Source: Bloomberg

	Forecasts			
	Q4-21	Q1-22	Q2-22	Q3-22
DXY	94.50	95.00	95.50	96.50
EUR/USD	1.15	1.14	1.14	1.13
GBP/USD	1.35	1.35	1.34	1.33
AUD/USD	0.72	0.71	0.71	0.70
USD/JPY	112	113	114	115
USD/MYR	4.15	4.15	4.15	4.15
USD/SGD	1.35	1.34	1.33	1.34
	Q4-21	Q1-22	Q2-22	Q3-22
EUR/MYR	4.77	4.73	4.73	4.69
GBP/MYR	5.60	5.60	5.56	5.52
AUD/MYR	2.99	2.95	2.95	2.91
SGD/MYR	3.07	3.10	3.12	3.10

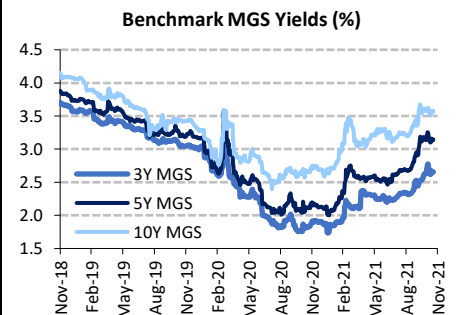
Source: HLBB Global Markets

Fixed Income

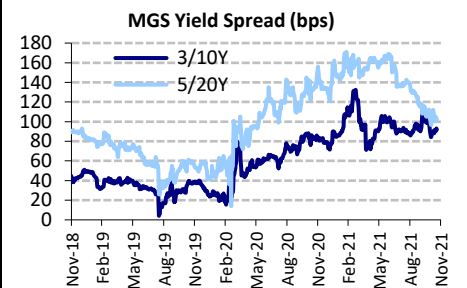
- UST:** USTs were mostly weaker w/w save for the front-end, influenced by a confluence of factors that included a heavy corporate issuance calendar, the surge in US retail sales data for October, hawkish comments from Fed Bullard and also earlier expectations for the Fed to commence hiking rates by mid-2022. The steeper curve saw overall yields close between 0-7bps higher w/w save for the 2Y UST yield which eased 2bps to 0.50%. The 10-year note moved 4bps up to 1.59%. Treasury sold \$23b of 20Y bonds at a BTC ratio of 2.34x (average 6 previous auctions: 2.32x) and awarded at 2.065% (previous auction: 2.10%). Meantime foreign holdings of USTs maintained near its record high in September, closing a tad lower at ~\$7.55 trillion from ~\$7.56 trillion the prior month. China increased its holdings by \$600m to ~\$1.05 trillion while Japan's holdings declined by \$20b to ~\$1.3 trillion. Elsewhere T-bills cheapened as some investors have begun to search for higher yields to hold short-tenured debt with limit guidance expected to be issued soon as the present debt limit expires on 15th December. Expect a less volatile week ahead for USTs as lesser fresh developments are expected on the fixed income front.
- MGS/GII:** Local govies were seen mostly mixed and directionless w/w despite a positive start to the week arising from the view that the excess real yield for the MYR was favorable. Overall benchmark yields closed between -10 to +10bps with the longer-end MGS richer for the week. The benchmark 5Y MGS 11/26 yield closed 4bps higher at 3.15% from prior week's close whilst the 10Y MGS 4/31 yield edged 2bps up at 3.58%. The average weekly secondary market volume rose 13.5% @ RM14.96b versus prior week's RM13.18b. The 15Y MGS auction saw solid demand especially from pension funds, GLC's, life insurance companies and also foreign parties; with BTC registering 3.063x and awarded at 3.99%. Elsewhere, BNM is expected to carry out an MGS switch auction totaling RM3.5b from market participants via principal dealers on 25th November. Expect bonds to remain range-bound next week in the absence of market-moving catalysts.
- MYR Corporate bonds/ Sukuk:** The week under review saw upbeat investor activity for govt-guaranteed bonds, Sukuk and corporate bonds. Participation was seen mainly across the GG-AA part of the curve as yields closed mostly mixed amid a 2.5x jump in average weekly market volume of RM2.24b compared to prior week's RM870m. Topping the weekly volume were MRCB20PERP 4/222 (AA3) which rallied 19bps compared to previous-done levels to 3.22%, followed by COUNTRY Garden 3/22 (AA3) bonds, which eased 6bps at 3.50%. The 3rd largest volume was seen for PRESS Metal bonds with the 10/24 tranche moving 3bps lower to 3.86%. Higher frequency of bond trades was seen in DANA, Genting-related names like GENM Cap, UEM Sunrise, IMTIAZ, INFRACAP, energy-related bonds i.e. SEB bonds, SABAH Development Bank and also odd-lot transactions in Alliance Bank bonds, YNH Properties. Meanwhile the prominent issuances for the week consisted of govt-guaranteed FELDA's 4-6Y bonds totaling RM715m with coupons ranging between 3.27-3.60% and also Bank Islam Malaysia Bhd's (A1) 2031NC26 bonds with a coupon of 4.10%
- SGS:** SGS (govvies) saw the curve slightly steeper taking cue from UST movements w/w, as overall benchmark bonds closed modestly mixed-to-higher between a -1 to +3bps. The 2Y yield however edged 1bps down at 0.84% whilst the 10Y (which traded tighter within 1.73-1.78% range) settled unchanged at 1.77%. Singapore's investment entity i.e. Temasek, is offering the T2026 Temasek Bond (5Y SGD bond) at a coupon rate of 1.8% p.a. under its S\$5.0b guaranteed MTN program. Meanwhile the SGD continued to trend weaker for the past three sessions on the back of a strong greenback. Elsewhere, Singtel subsidiary, Optus Finance has successfully priced its AUD\$300m 7Y sustainability-linked bonds at 2.60%. Also, DBS Group Holdings Ltd had also issued its Aa2 rated SGD\$1.0b 3Y international bonds with a coupon of 1.169%. Raw and processed agricultural commodity giant, Olam International Ltd was also seen pricing its SGD\$125m 5.375% perps to yield 5.306% instead. Expect attention next week to shift to a flurry of important economic data that includes October CPI, industrial production and also 3Q2021 GDP estimates.



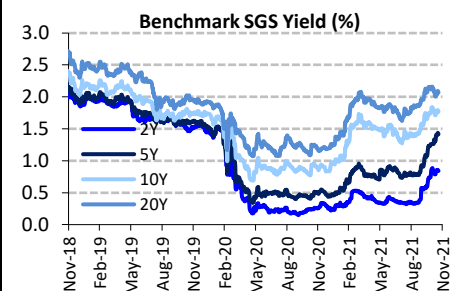
Source: Bloomberg



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Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Sime Darby Plantation Berhad (SD Plantation)	Corporate credit rating	AAA/Stable	Affirmed
First Abu Dhabi Bank P.J.S.C.	Financial institution (FI) rating	AAA/Stable/P1	Affirmed
	Senior and subordinated notes under the RM3 billion Islamic/Conventional Medium-Term Note Programme (2010/2030)	AA1/Stable	Reaffirmed
Manulife Holdings Berhad	RM650 mil Sukuk Wakalah Programme (2020/2050)	AA3/Stable/P1	Reaffirmed
SEP Resources (M) Sdn Bhd	RM150 mil Islamic Medium-Term Notes	From AA1/Stable to AA1/Positive	Upgraded
Teknologi Tenaga Perlis Consortium Sdn Bhd	RM835 mil Sukuk Murabahah (2013/2023)	AA1/Stable	Reaffirmed
Bank Kerjasama Rakyat Malaysia Berhad	Financial institution (FI) rating	AA2/Stable/P1	Affirmed
IGB REIT Capital Sdn Bhd	RM1.2 bil First Tranche MTN. This is the first issuance under the Issuer's RM5.0 bil MTN Programme	From AA1/Stable to AA1/Positive	Upgraded
Perbadanan Kemajuan Pertanian Negeri Pahang	RM650 mil Sukuk Wakalah Programme (2020/2050)	AA3(s)/Stable	Reaffirmed
Serba Dinamik Holdings Berhad (Serba Dinamik)	Outstanding USD222 million senior sukuk issued by its wholly-owned indirect subsidiary, SD International Sukuk Ltd	CC by S&P, C by Fitch	Downgraded
Jati Cakerawala Sdn Bhd	RM540 mil Sukuk Murabahah (2013/2023)	From A1/Stable to AA3/Stable	Upgraded

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
22/11	15:00	MA	Foreign Reserves	15 Nov	\$116.1b
	16:30	HK	CPI Composite YoY	Oct	1.4%
	21:30	US	Chicago Fed Nat Activity Index	Oct	-0.13
	23:00	US	Existing Home Sales MoM	Oct	7.00%
	23:00	EZ	Consumer Confidence	Nov A	-4.8
23/11	13:00	SG	CPI YoY	Oct	2.50%
	17:00	EZ	Markit Eurozone Manufacturing PMI	Nov P	58.3
	17:00	EZ	Markit Eurozone Services PMI	Nov P	54.6
	17:30	UK	Markit UK PMI Manufacturing SA	Nov P	57.8
	17:30	UK	Markit/CIPS UK Services PMI	Nov P	59.1
	22:45	US	Markit US Manufacturing PMI	Nov P	58.4
	22:45	US	Markit US Services PMI	Nov P	58.7
	23:00	US	Richmond Fed Manufact. Index	Nov	12.0
	24/11	08:00	SG	GDP YoY	3Q F
08:30		JP	Jibun Bank Japan PMI Mfg	Nov P	53.2
08:30		JP	Jibun Bank Japan PMI Services	Nov P	50.7
09:00		NZ	RBNZ Official Cash Rate	24 Nov	0.5%
20:00		US	MBA Mortgage Applications	19 Nov	-2.8%
21:30		US	Initial Jobless Claims	20 Nov	268k
21:30		US	Advance Goods Trade Balance	Oct	-\$96.3b
21:30		US	GDP Annualized QoQ	3Q S	2.0%
21:30		US	Durable Goods Orders	Oct P	-0.3%
23:00		US	Personal Income	Oct	-1.0%
23:00		US	Personal Spending	Oct	0.6%
23:00		US	PCE Core Deflator YoY	Oct	3.6%
23:00		US	U. of Mich. Sentiment	Nov F	66.8
23:00		US	New Home Sales MoM	Oct	14.0%
25/11	03:00	US	FOMC Meeting Minutes	03 Nov	--
	05:45	NZ	Exports NZD	Oct	4.40b
	14:00	JP	Machine Tool Orders YoY	Oct F	81.5%
	16:30	HK	Exports YoY	Oct	16.5%
26/11	05:00	NZ	ANZ Consumer Confidence Index	Nov	98.0
	08:30	AU	Retail Sales MoM	Oct	1.3%
	12:00	MA	CPI YoY	Oct	2.2%
	13:00	SG	Industrial Production YoY	Oct	-3.4%

Source: Bloomberg

Hong Leong Bank Berhad

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