

Global Markets Research
Daily Market Highlights

2 Dec: New round of tariffs on solar panels from the US

Global chip stocks lifted by news that China curbs will be less prohibitive than anticipated

DXY back below 106 amid lower UST yields; JPY back below 150 against USD

EUR strengthened after headline inflation accelerated due to energy; core held steady

- Global equities broadly rose, with semiconductor stocks rallying amid reports that additional US curbs on sales of chip technology to China will not be as prohibitive as previously anticipated. It should however be noted that US trade officials announced **a new round of tariffs on solar panel imports from Malaysia, Cambodia, Vietnam and Thailand**, (between 21-271% depending on the company deemed dumping their solar panels on the US) over the weekend. This comes after American manufacturers complained that companies there are flooding the market with unfairly cheap goods.
- In the US, the Dow and S&P 500 rallied 0.4-0.6% d/d to new highs, while Nasdaq jumped 0.8% d/d, with shares from Lam Research to Nvidia and Applied Research being notable gainers during the day. In Europe, Stoxx Eur 600 closed up 0.6% d/d, while France's CAC 40 gained 0.8% d/d despite the ongoing political turmoil. Asian markets closed mixed, with Nikkei 225 tumbling 0.3% d/d after Tokyo's higher than expected inflation data, but are poised to open higher today following futures.
- In the bond space, Treasuries rose in a holiday shortened session, with help from month-end rebalancing. The 2Y yield fell sharply by 8bps to 4.15%, while the 10Y dropped 10bps to 4.17%. 10Y European bond yields declined another 3-7bps, after falling between 1-7bps the prior day.
- In the forex space, the US Dollar was under pressure amid lower UST yields, and the DXY closed down 0.3% d/d at 105.74. JPY (+1.2% d/d) outperformed its G10 and regional peers and breached below the key 150-level against greenback, its strongest since October after Tokyo's inflation came in hotter than expected, and after BOJ Governor Kazuo Ueda commented that rate hikes are approaching. EUR, GBP and AUD also appreciated, albeit at a lesser pace between 0.2-0.4% d/d against USD. Meanwhile, THB and SGD (+0.3% d/d to 1.3395) led gains in the region, but MYR weakened 0.1% d/d to 4.4475.
- In the commodity space, crude oil prices declined 0.5-1.1% d/d lower amid uncertainty over OPEC+'s production plans and the sustainability of a truce between Israel and Lebanon-based Hezbollah, the latter after both sides have made accusations of ceasefire violations.

Eurozone's headline accelerated due to energy; core held steady

- Eurozone inflation ticked up to 2.3% y/y in November (prior: 2.0% y/y) as expected, primarily due to effects from the energy market, but core held steady and was below street estimate at 2.7% y/y and thus, unlikely to deter officials from continuing with its easing path in December and beyond. This is echoed in the OIS, with markets pencilling in certainty that the ECB will deliver a 25bps rate cut in the December ECB meeting.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,910.65	0.42
S&P 500	6,032.38	0.56
NASDAQ	19,218.17	0.83
Stoxx Eur 600	510.25	0.58
FTSE 100	8,287.30	0.07
Nikkei 225	38,208.03	-0.37
CSI 300	3,916.58	1.14
Hang Seng	19,423.61	0.29
Straits Times	3,739.29	0.05
KLCI 30	1,594.29	-0.20
FX		
Dollar Index	105.74	-0.29
EUR/USD	1.0577	0.24
GBP/USD	1.2735	0.38
USD/JPY	149.77	-1.17
AUD/USD	0.6512	0.20
USD/CNH	7.2491	-0.01
USD/MYR	4.4475	0.05
USD/SGD	1.3395	-0.27
Commodities		
WTI (\$/bbl)	68.00	-1.05
Brent (\$/bbl)	72.94	-0.46
Gold (\$/oz)	2,657.00	0.65
Copper (\$\$/MT)	9,010.50	0.09
Aluminum(\$/MT)	2,594.00	-0.19
CPO (RM/tonne)	5,001.00	1.14

Source: Bloomberg, HLBB Global Markets Research

* CPO dated as of 28 November

- ECB's Vice President Luis De Guindos commented that the headline was expected, but continued to flag caution on services, but dovish policymakers, such as Greece's Yannis Stournaras and Portugal's Mario Centeno, have flagged concerns that a weakening economy could risks inflation undershooting the 2.00% goal. This echoes investors' concerns, with the ECB's median expectations for inflation 3Y ahead at 2.1%, its lowest level since February 2022.

UK's mortgage approvals hit 2-year high

- The number of mortgage approvals hit a 2-year high of 68.3k in October (prior: 661.k) as buyers shrugged off anxiety over the Autumn Budget and persistently elevated interest rates. The data was better than expected suggesting a still resilient housing market, but could face headwinds going forward as sentiment turned negative with most lenders pencilling in fewer rate cuts and thus, higher mortgage rates in the weeks following the budget.

Australia's lending to businesses unexpectedly picked up; final S&P manufacturing left unchanged at 49.4

- Mixed data from Australia. Private sector credit unexpectedly picked up to +0.6% m/m in October from +0.5% m/m previously, as lending to businesses accelerated and more than offset steady demand for housing and softer lending for personal uses, while the final S&P Manufacturing PMI for November was left unchanged at 49.4 (Oct: 47.3). While tight monetary policy settings and subdued market conditions continued to dampen performance in the manufacturing sector, firms were more optimistic about future output and raised their workforce capacity. On the price front, the Melbourne Institute inflation gauge eased to 2.9% y/y in November from 3.0% y/y.

Slightly improved consumer confidence for Japan; jump in capital spending all bodes well for tighter policy stance

- Upbeat numbers from Japan, reaffirming signs of confidence that the economy is recovering on both the consumer and business front and boding well for BOJ's tighter stance going forward. Capex spending improved for the second quarter to +8.1% y/y in 3Q from +7.4% y/y previously, while consumer confidence rebounded to 36.4 in November from 36.2 previously.

Steady composite PMI China; improving for manufacturing, flat growth for non-manufacturing

- Official composite PMI continued to show signs of stabilisation if not recovery for China's economy, but will face headwinds from threats of tariffs from the US going forward for the manufacturing sector. Its composite PMI held steady at 50.8 in November, with the manufacturing sector improving more than expected and for the third month to 50.3 (prior: 50.1), supported by resilient external demand. Non-manufacturing, meanwhile, unexpectedly worsened to 50.0 (prior: 50.2), weighed down by dampened construction activities due to typhoons as well as the still weak housing sector, and on the services sector, slower tourism activities after the Golden Week in October.

Hong Kong's retail sales continued to fall, albeit at a narrower pace

- Retail sales was better than expected, narrowing further to -2.9% y/y in October from the 6.9% y/y contraction previously. Moving forward, increasing employment earnings domestically, stabilisation in China's economy as well as resumption and extension of the multiple-entry Individual Visit Scheme will likely

boost market sentiment and consumption but a strong HKD could encourage outbound tourism, as well as deter tourist arrivals/spending.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-109	105.78	105.51	103.40	102.37
EUR/USD	1.04-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.25-1.29	1.28	1.28	1.31	1.32
USD/JPY	146-154	153	153	148	146
AUD/USD	0.64-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.40-4.48	4.40	4.40	4.30	4.26
USD/SGD	1.33-1.36	1.33	1.33	1.31	1.29

Rates, %	Current	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.50-4.75	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
ECB	3.25	3.00	2.75	2.50	2.25
BOE	4.75	4.75	4.50	4.25	4.00
BOJ	0.25	0.25	0.50	0.50	0.50
RBA	4.35	4.35	4.35	4.10	3.85
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
2-Dec	JN Jibun Bank Japan PMI Mfg (Nov F)	49
	MA S&P Global Malaysia PMI Mfg (Nov)	49.5
	VN S&P Global Vietnam PMI Mfg (Nov)	51.2
	AU Building Approvals MoM (Oct)	4.40%
	AU Retail Sales MoM (Oct)	0.10%
	CH Caixin China PMI Mfg (Nov)	50.3
	UK Nationwide House Px NSA YoY (Nov)	2.40%
	EC HCOB Eurozone Manufacturing PMI (Nov F)	45.2
	UK S&P Global UK Manufacturing PMI (Nov F)	48.6
	EC Unemployment Rate (Oct)	6.30%
	SI Purchasing Managers Index (Nov)	50.8
	US S&P Global US Manufacturing PMI (Nov F)	48.8
	US Construction Spending MoM (Oct)	0.10%
	US ISM Manufacturing (Nov)	46.5
3-Dec	US JOLTS Job Openings (Oct)	7443k

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.