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Global Markets Research

Daily Market Highlights

3 Sep: Thinly traded markets as US cash market was closed

Mixed bag of August PMIs; new orders largely weaker; price component remained sticky
Expansionary Caixin manufacturing PMI failed to allay concerns over China's economy
Brent closed lower on demand concerns from China and more supply from OPEC+

- Wall Street was closed in observance of the Labor Day holiday. In Asia, equity markets mostly tumbled overnight amid concerns over China's economy and are poised for a steady open today following the futures.
- In Europe, trading in Stoxx 600 was thin. The index closed just below the flatline with retail and industrials underperforming. Shares in real estate listings company Rightmove surged 27% d/d after its Australian rival REA Group said it was considering a takeover. In its bond market, 10Y sovereign bond yields rose 2-6bps.
- In the forex market, DXY closed marginally lower at 101.65 and the Dollar closed mixed against its G10 peers. GBP, EUR and AUD appreciated in tune to 0.1-0.4% d/d against the Dollar, while JPY weakened 0.5% d/d to close at 146.92. Nonetheless, AUD was under pressure earlier due to losses in oil and iron ore prices, fueled by growth concerns in China. Regional currencies broadly weakened against the USD led by THB and MYR (-0.9% d/d to 4.3575). SGD closed slightly weaker at 1.3069.
- In the commodities market, Brent slid 1.6% d/d as concerns over demand, especially from China and expectations that the OPEC+ will add more supply in coming weeks outweighed widening shutdowns in Libya oil fields due to internal political strife.

Mixed bag of August PMIs; China's Caixin manufacturing PMI turned expansionary

- The final Eurozone Manufacturing PMI was revised 0.2ppts up to 45.8 in August (prior: 45.8) suggesting that the sector remains under pressure, weighed down the weakest new order sub-index in 2024. This also led to reduced input purchasing, employment, inventories and business confidence sub-indices, but despite these, prices charged increased for the first time since April 2023 amid higher operating costs, suggesting that ECB's fight against inflation is not over.
- The final UK Manufacturing PMI was left unchanged at 52.5 for August (Jul: 52.1). This is the highest in 26 months amid solid growth for output and new orders, and the strongest jobs growth in over 2 years. Growth was driven by the domestic market, as new business from overseas fell due to weaker demand from Europe, a slowdown in China, freight delays, competitiveness issues, high shipping costs, global conflicts and political uncertainty.
- Japan's final manufacturing PMI was revised up 0.3ppts to 49.8 in Aug (prior: 49.1), narrowing the gap towards stabilisation. Headline was driven by renewed rise in production, softer fall in new orders, firms hiring additional staff while destocking efforts appeared to ease. Prices data remained stubbornly high, providing further evidence of inflation picking up.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,563.08	0.55
S&P 500	5,648.40	1.01
NASDAQ	17,713.63	1.13
Stoxx Eur 600	524.94	-0.02
FTSE 100	8,363.84	-0.15
Nikkei 225	38,700.87	0.14
CSI 300	3,265.01	-1.70
Hang Seng	17,691.97	-1.65
Straits Times	3,463.08	0.59
KLCI 30	1,678.19	-0.04
FX		
Dollar Index	101.65	-0.04
EUR/USD	1.1072	0.22
GBP/USD	1.3146	0.14
USD/JPY	146.92	0.51
AUD/USD	0.6791	0.38
USD/CNH	7.1158	0.36
USD/MYR	4.3575	0.86
USD/SGD	1.3069	0.02
Commodities		
WTI (\$/bbl)	73.55	-3.11
Brent (\$/bbl)	77.52	-1.62
Gold (\$/oz)	2,504.50	-1.27
Copper (\$\$/MT)	9,183.00	-0.56
Aluminum(\$/MT)	2,424.00	-0.94
CPO (RM/tonne)	4,070.00	1.13

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 30 Aug for CPO, Dow Jones, S&P 500, Nasdaq, WTI, Gold

- In China, the Caixin Manufacturing PMI came in at 50.4 in August, up 0.6 points m/m, was better than consensus estimates and supported by growth in both supply and demand indicators. Nonetheless, data released recently continues to point to insufficient domestic demand, uncertainties in external demand and weak market optimism, suggesting that economic growth will be limited going forward and in need of prompt and effective implementation of policy support.
- Malaysia's manufacturing PMI remained steady at 49.7 in August but a below 50-threshold print suggests that demand conditions remained contractionary, and will likely remain subdued. This is seen as firms chose to work through existing orders in the absence of new order growth, and scaled back purchases, employment and stock holdings. Firms remained confident that the sector would improve over the coming year but was unsure of the speed of the recovery.

Australia's inflation gauge eased; building approvals jumped but still below 5Y average

- Melbourne Institute Inflation gauge eased to 2.5% in August (prior: 2.8%), its second month of deceleration while building approvals jumped more than expected by 10.4% m/m in July (prior: -6.4% m/m). Despite the bounce for the latter, the dwelling data remained 5.1% lower than the 5Y average and amid cooling price pressure and economic data, leaves no room for the RBA to hike going forward.

Singapore's PMI hit its highest in 3 years as electronics sector picked up momentum

- Official PMI improved to its highest reading in 3 years at 50.9 in August (prior: 50.7) as the linchpin electronics sector also hit its highest reading since September 2018 at 51.3 (prior: 51.0). With export orders and new export orders sub-indices gaining momentum and the global-semiconductor sector still recording double-digit growth, growth in this sector will likely be sustained going forward, driving the economy in 2H.

House View and Forecasts

FX	This Week	3Q-24	4Q-24	1Q-25	2Q-25
DXY	100-103	102.41	100.87	99.86	98.86
EUR/USD	1.09-1.12	1.11	1.12	1.10	1.08
GBP/USD	1.30-1.33	1.29	1.30	1.30	1.29
USD/JPY	142-148	145	143	140	137
AUD/USD	0.66-0.69	0.66	0.66	0.67	0.68
USD/MYR	4.29-4.36	4.50	4.40	4.35	4.30
USD/SGD	1.29-1.32	1.33	1.32	1.30	1.28

Rates, %	Current	3Q-24	4Q-24	1Q-25	2Q-25
Fed	5.25-5.50	5.00-5.25	4.50-4.75	4.25-4.50	4.00-4.25
ECB	3.75	3.50	3.25	3.00	2.75
BOE	5.00	5.00	4.75	4.50	4.25
BOJ	0.25	0.25	0.25	0.40	0.40
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
3-Sep	US S&P Global US Manufacturing PMI (Aug F) US Construction Spending MoM (Jul)	48 -0.30%

4-Sep	US ISM Manufacturing (Aug)	46.8
	AU Judo Bank Australia PMI Services (Aug F)	52.2
	HK S&P Global Hong Kong PMI (Aug)	49.5
	JN Jibun Bank Japan PMI Services (Aug F)	54
	SI S&P Global Singapore PMI (Aug)	57.2
	VN S&P Global Vietnam PMI Mfg (Aug)	54.7
	AU GDP SA QoQ (2Q)	0.10%
	CH Caixin China PMI Services (Aug)	52.1
	EC HCOB Eurozone Services PMI (Aug F)	53.3
	UK S&P Global UK Services PMI (Aug F)	53.3
	EC PPI YoY (Jul)	-3.20%
	US MBA Mortgage Applications	0.50%
	US Trade Balance (Jul)	-\$73.1b
	US JOLTS Job Openings (Jul)	8184k
	US Factory Orders (Jul)	-3.30%

Source: Bloomberg

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