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Global Markets Research

Daily Market Highlights

4 Nov: Markets shrugged off disappointing NFP print

US NFP and ISM manufacturing disappointed; the former due to strikes & hurricanes

Equity markets and DXY rallied; selloffs in USTs as investors look ahead to US election

Mixed PMI manufacturing globally; China Caixin PMI manufacturing turned expansionary

- US equity markets wrapped up last Friday on a positive note, with gains from technology shares led by Amazon and Intel eclipsing the angst from the disappointing payroll number. The Dow Jones Industrial Average gained 0.7% d/d, while the S&P 500 and Nasdaq rallied 0.4% and 0.8% d/d respectively. Amazon and Intel shares jumped more than 6% each on the day after their 3Q earnings beat, helping lift investor sentiment following some notable earnings disappointments last week.
- In Europe, Stoxx Eur 600 also ended the session with a 1.1% d/d gain, with all sectors and major bourses in positive territory. Asian markets closed mixed, with Nikkei 225 extending its losses after the BOJ held interest rates steady the prior day. CSI 300 jumped after the better-than-expected Manufacturing PMI, before reversing course to close just below the flatline.
- In the Treasury market, yields briefly fell following the weak jobs report, but rates were on an uptrend for the rest of the session amid election jitters, fiscal fears and as traders largely shaking off the much weaker than expected job numbers that was hurt by hurricanes and workers' strikes. Yields rose 4-11bp (prior: flat to -3bps) across the curve led by the longer-end, and the 2Y closed up 4bps at 4.21% while the 10Y increased 10bps to 4.38%. 10Y European bond yields closed 2-7bps higher (prior: -1 to +10bps) save for the Norwegian and UK government bonds.
- DXY soared 0.3% d/d to 104.28 with traders looking past the weak jobs print and ahead of the US election. The Dollar closed stronger against all its G10 peers save for the GBP (+0.2% d/d to 1.2924). Leading losses against USD were SEK, CHF and JPY (0.6% d/d to 153.01), while regional currencies also depreciated against the greenback save for the TWD. CNH, MYR and SGD weakened in tune to 0.1-0.5% d/d to close at 7.1354, 4.3807 and 1.3261 respectively.
- Oil prices closed mixed on reports Iran was preparing a retaliatory strike on Israel in the coming days. The WTI closed 0.3% d/d up, but Brent closed 0.1% d/d lower.

US NFP well below consensus forecasts hit by hurricanes and strikes; ISM-Manufacturing disappointed as well

- The US economy added only 12k jobs in October (prior: +223k), well below consensus forecasts as well as the average monthly gain of 194k over the prior 12 months. Employment continued to trend up for health care and government, but fell for manufacturing, the latter weighed down by strike actions and hurricane disruption. There were net downward revisions of 112k to the previous 2 months, while the unemployment rate held steady at 4.1%.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,052.19	0.69
S&P 500	5,728.80	0.41
NASDAQ	18,239.92	0.80
Stoxx Eur 600	510.90	1.09
FTSE 100	8,177.15	0.83
Nikkei 225	38,053.67	-2.63
CSI 300	3,890.02	-0.03
Hang Seng	20,506.43	0.93
Straits Times	3,555.43	-0.10
KLCI 30	1,603.98	0.13
FX		
Dollar Index	104.28	0.29
EUR/USD	1.0834	-0.46
GBP/USD	1.2924	0.19
USD/JPY	153.01	0.64
AUD/USD	0.6559	-0.35
USD/CNH	7.1354	0.19
USD/MYR	4.3807	0.06
USD/SGD	1.3261	0.48
Commodities		
WTI (\$/bbl)	69.49	0.33
Brent (\$/bbl)	73.10	-0.08
Gold (\$/oz)	2,749.20	0.00
Copper (\$\$/MT)	9,570.50	0.68
Aluminum(\$/MT)	2,600.00	-0.67
CPO (RM/tonne)	4,735.00	0.74

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 30 Oct for CPO

- With the labour market clearly slowing and with price pressure less threatening, this will give the Fed scope to ease its monetary policy this week, albeit at a gradual pace of 25bps to 4.75%. Supporting our gradual rate cut view is the still strong wage growth, with average hourly earnings higher than expected at +0.4% m/m and 4.0% y/y for October (prior: +0.3% y/y and 3.9% y/y), while the average weekly hours was unchanged at 34.3.
- The ISM Manufacturing index unexpectedly fell by 0.7ppts to 46.5 in October, its lowest this year as demand (new orders index: 47.1 vs 46.1) remains subdued, with companies unwilling to invest in capital and inventory given concerns over the interest rate as well as upcoming election. Consequently, the production index also eased to 46.2 (prior: 49.8), but on the flipside, the prices and employment indicators rose to 54.8 (prior: 48.3) and 44.4 (prior: 43.9) respectively.
- Construction spending held steady and modest at +0.1% y/y in September but October's print may be dented by the effects of hurricanes as well as uncertainties due to the upcoming election.

Mixed PMIs globally; Caixin China Manufacturing PMI turned expansionary; stable PMIs for Malaysia and Singapore

- The final US manufacturing PMI was revised up 0.7ppts to 48.5 in October (prior: 47.3) and provided some encouragement that the current soft patch could ease after the supply disruptions due to the hurricanes and uncertainty after the Presidential Election. Order books, nonetheless, continued to deteriorate at a steep pace and a further build-up of unsold stock suggest that production cuts remain in the picture unless demand picks up.
- The final UK manufacturing PMI was revised down 0.4ppts to 49.9 in October (Sep: 51.5), marking the first contraction since April. The new orders and stocks of purchases components weighed heaviest on the PMI, and largely reflected the dent on confidence prior to the Autumn Budget.
- The final Jibun Bank Japan Manufacturing PMI was revised 0.2ppts up to 49.2 for October (Prior: 49.7) but the near-term outlook is clouded, as sub-indicators point to firms working through backlogs of work, business confidence remains new its 2-year low and that new order inflows appear inadequate to sustain production.
- Echoing the official PMI, Caixin China Manufacturing PMI improved more than expected to the expansionary zone at 50.3 in October (prior: 49.3). Sub-indicators point to stabilizing market demand and improved optimism due to the recent stimulus measures. However, the labor market sub-indicators remain under pressure and prices remain deflationary, and as such, more policy efforts are needed to stimulate the consumption component of the GDP to achieve the Government's targeted 5% growth.
- Malaysia's manufacturing PMI was unchanged at 49.5, suggesting that the sector remains muted at the start of 4Q. On a positive note, new orders increased for the first time in 5 months and new export orders rose for the seventh month, and as such, the outlook for the coming months appears to be expansionary.
- Vietnam's manufacturing PMI improved to 51.2 from 47.3 in September as the economy recovered from the disruption caused by Typhoon Yagi. Although some firms remain impacted by disruptions to supply chains and production, a rise in new orders and production indicators suggests a full recovery towards year end.
- Meanwhile, the manufacturing sector eased slightly but remained expansionary in Singapore, with the official manufacturing PMI edging down

0.2ppts m/m to 50.8 in October. Electronics, a crucial driver of growth, also posted a marginal drop of 0.1ppts to 51.4, but with new export orders still growing, we expect this sector to remain positive in the coming months despite headwinds from a softer global economy.

UK's house prices decelerated more than expected to 2.4% y/y

- The Nationwide House Price Index increased at a slower than expected pace by 2.4% y/y in October (Sep: +3.2% y/y). Despite this, housing market activity has remained relatively resilient, as seen in the number of mortgage approvals approaching the pre-pandemic levels recently and should strengthen gradually going forward as affordability constraints ease through a combination of modestly lower interest rates and positive real earnings.

Australia's household spending and home loans fell in October; stable PPI for 3Q

- Weaker slew of economic prints from Australia but unlikely to spur the central bank to change its policy rate tomorrow, in our opinion. Household spending fell 0.1% m/m in September following August's +0.2% m/m increase, as consumers switched from spending on clothing & footwear as well as transport, to non-discretionary items like food and health.
- Home loans also unexpectedly fell 0.3% m/m (prior: +2.1% m/m), following seven months of expansion but y/y growth remained strong at double digit suggesting a still robust housing market. Notable, loans activity amongst investors remains at high levels due to recent growth in house prices and rental yields.
- Producer prices remained stable in 3Q, growing 0.9% q/q after 2Q's +1.0% q/q, primarily driven by property operators and residential building construction, the former driven by increased rents and the latter due to higher building construction prices because of a tight labour market.

Hong Kong's retail sales fell at slower pace of 6.9% y/y

- The contraction in Hong Kong's retail sales narrowed more than expected to 6.9% y/y in September (prior: -10.0% y/y) and should benefit slightly from an improved outlook for China following the recent introduction of a wide range of stimulus measures, possible easing of the HKD which would encourage tourist and domestic spending as well as the Government's various initiatives to boost market sentiment and increasing employment earnings in the near term.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	102-106	101.56	100.54	99.53	99.04
EUR/USD	1.07-1.10	1.11	1.12	1.13	1.14
GBP/USD	1.27-1.31	1.33	1.35	1.36	1.37
USD/JPY	150-154	146	142	138	135
AUD/USD	0.64-0.68	0.68	0.69	0.70	0.71
USD/MYR	4.32-4.43	4.25	4.20	4.15	4.10
USD/SGD	1.30-1.34	1.31	1.29	1.27	1.25

Rates, %	Current	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.75-5.00	4.25-4.50	3.75-4.00	3.50-3.75	3.25-3.50
ECB	3.25	3.00	2.75	2.50	2.25
BOE	5.00	4.75	4.50	4.25	4.00
BOJ	0.25	0.25	0.40	0.40	0.55
RBA	4.35	4.35	4.10	3.85	3.60
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
4-Nov	AU Melbourne Institute Inflation YoY (Oct)	2.60%
	EC HCOB Eurozone Manufacturing PMI (Oct F)	45.9
	EC Sentix Investor Confidence (Nov)	-13.8
	US Factory Orders (Sep)	-0.20%
5-Nov	AU Judo Bank Australia PMI Services (Oct F)	50.6
	HK S&P Global Hong Kong PMI (Oct)	50
	SI S&P Global Singapore PMI (Oct)	56.6
	CH Caixin China PMI Services (Oct)	50.3
	AU RBA Cash Rate Target	4.35%
	SI Retail Sales SA MoM (Sep)	0.70%
	UK S&P Global UK Services PMI (Oct F)	51.8
	US ISM Services Index (Oct)	54.9

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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