

**Global Markets Research**
**Daily Market Highlights**

## 5 Nov: Jitters ahead of the US presidential election

### Unwinding of Trump-related trades; US Dollar weakened and Treasury yields fell

### AUD appreciated ahead of RBA's decision; expect a pause amid pick-up in inflation gauge

### US factory orders fell for the second month; still pessimistic Eurozone's investor confidence

- US stocks stumbled overnight amid jitters ahead of the US presidential election, while polls showing a tight race between candidates Vice President Kamala Harris and former President Donald Trump saw Trump-related trades fizzling out. The Dow Jones Industrial Average slumped 0.6% d/d, while the S&P 500 and Nasdaq lost 0.3% d/d each. Trading in Trump Media and Technology Group was choppy and still closed the day higher, but has since made a huge retreat from just one week ago.
- Similarly, Stoxx Eur 600 closed down by 0.3% d/d with most regional bourses and sectors in the red, though losses were kept in check by buoyant banking and energy stocks. On the flipside, Asian markets mostly rose ahead of the US elections and China parliament meeting but are set for cautious open today.
- Trump-trade doubts dragged on the Dollar overnight and saw Treasury yields pulling back 5-11bps (prior: +5 to +11bps) across the curve led by the longer-end. The 2Y closed down 5bps to 4.16% and the 10Y slid 10bps to 4.29%. 10Y European bond yields closed mixed between -3 to +7bps (prior: 2-7bps higher).
- The US Dollar weakened against all its G10 peers as traders pared down bets on a Trump win, and the DXY closed down 0.4% d/d to 103.88. Leading gains against USD were safe haven CHF and JPY (+0.6% d/d). EUR and GBP also strengthened in tune to 0.3-0.4% d/d, while AUD rallied 0.4% d/d ahead of the RBA decision today. Regional currencies closed mixed against the Dollar, although CNH, MYR and SGD appreciated between 0.2-0.5% d/d to 7.1121, 4.3740 and 1.3197 respectively.
- Oil prices rallied close to +3.0% d/d after OPEC+ delayed its output hike for another month to December, while traders were also jittery over a potential Iran counterattack on Israel.

#### US factory orders fell for the second month

- Matching expectations, factory orders tumbled for the second month by 0.5% m/m in September, narrowing from the prior month's 0.8% m/m decline. The decline reflects pullbacks from transportation and consumer goods (-0.1% m/m vs -0.7% m/m), while orders for capital goods ex aircraft, a proxy to business spending plans, grew at a faster pace of +0.7% m/m (prior: +0.5% m/m).

#### Eurozone's investor confidence improved for the second month

- Still negative prints from the Eurozone. The Sentix Investor Confidence improved for the second month but remained in the pessimistic territory and was worse than expected at -12.8 in September (prior: -13.8). The final

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	41,794.60	-0.61
S&P 500	5,712.69	-0.28
NASDAQ	18,179.98	-0.33
Stoxx Eur 600	509.21	-0.33
FTSE 100	8,184.24	0.09
Nikkei 225	38,053.67	-2.63
CSI 300	3,944.76	1.41
Hang Seng	20,567.52	0.30
Straits Times	3,572.04	0.47
KLCI 30	1,616.43	0.78
<b>FX</b>		
Dollar Index	103.89	-0.38
EUR/USD	1.0878	0.41
GBP/USD	1.2957	0.26
USD/JPY	152.13	-0.58
AUD/USD	0.6585	0.40
USD/CNH	7.1121	-0.33
USD/MYR	4.3740	-0.15
USD/SGD	1.3197	-0.48
<b>Commodities</b>		
WTI (\$/bbl)	71.47	2.85
Brent (\$/bbl)	75.08	2.71
Gold (\$/oz)	2,746.20	-0.11
Copper (\$\$/MT)	9,696.50	1.32
Aluminum(\$/MT)	2,620.00	0.77
CPO (RM/tonne)	4,887.00	3.21

Source: Bloomberg, HLBB Global Markets Research

\* Dated as of 1 Nov for CPO

HCOB Eurozone Manufacturing PMI was revised up 0.1ppts to 46.0 in October (prior: 45.0 in September) and the pace of deterioration in the bloc has eased since May. Nonetheless, the headline at this level remains contractionary, continuing to be weighed down heavily by its two largest economies, Germany and France, where contractions remained sharp.

#### Australia's inflation gauge accelerated for the second month; expect RBA to maintain rates

- The final Judo Bank Australia Services PMI was revised up 0.4ppts to 51.0 in October (prior: 50.5) as improved demand led to new business growing at the fastest pace in nearly 2.5 years. Export business remained in modest contraction, while employment accelerated. Turning to prices, average input costs increased at the softest pace since early 2021, but firms raised selling prices at a quicker pace amid improved confidence during the month.
- Melbourne Institute inflation gauge also ticked up to 3.0% in October from 2.6% previously, marking its second month of acceleration. With both print indicators flagging sticky prices, this reaffirms our expectations that the RBA will most likely maintain status quo today.

#### 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
5-Nov	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
6-Nov	JN Jibun Bank Japan PMI Services (Oct F)	49.3
	MA BNM Overnight Policy Rate	3.00%
	EC HCOB Eurozone Services PMI (Oct F)	51.2
	EC PPI YoY (Sep)	-2.30%
	US MBA Mortgage Applications	-0.10%
	US S&P Global US Services PMI (Oct F)	55.3
	VN CPI YoY (Oct)	2.63%
	VN Exports YoY (Oct)	10.70%
VN Industrial Production YoY (Oct)	10.80%	
VN Retail Sales YoY (Oct)	7.60%	

Source: Bloomberg

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