

Global Markets Research
Daily Market Highlights

9 Dec: Rebound in US NFP unlikely to deter easing cycle

November's NFP above 12-month average due to volatility from strikes and hurricanes
Consumer sentiment jumped; consumers purchasing durable goods before price increases
S&P500 and Nasdaq closed at fresh record highs; UST yields fell; DXY back above 106s

- The S&P 500 and Nasdaq closed Friday with fresh records after US NFP came in slightly better than expected, but not hot enough to deter the Fed's easing cycle. S&P 500 and Nasdaq climbed 0.3% d/d and 0.8% d/d higher, the latter bolstered by gains in the likes of Tesla and Meta Platforms. The Dow was the outlier, slipping 0.3% d/d. In Fed speak, President Austan Goolsbee said that the labour market appears largely stable, while his counterpart Beth Hammock said that the FOMC is "at or near" where the central bank should slow the pace of rate cuts.
- Meanwhile, European and Asian markets traded mixed. Stoxx Eur 600 and CAC 40 gained 0.2% d/d and 1.3% d/d despite the political chaos in France, while Chinese shares gained as traders wagered on stronger growth stimulus this week. Major Asian markets are set for another day of mixed trading today amid the geopolitical tension in the Middle East and following the futures.
- Save for the 30Y, US treasuries yields slipped 1-4bps (prior: +/-2bps) across the curve as the NFP kept the door open for rate cuts. The 2Y and 10Y yields slid 4bps and 2bps respectively to 4.10% and 4.15%. 10Y European bond yields also fell between 0-7bps, after increasing 0-7bps previously.
- The DXY clawed back its early losses and closed the day up 0.3% d/d at 106.06 after the NFP, and the Dollar strengthened against all its G10 peers save for the JPY (+0.1% d/d). NOK, AUD and CAD underperformed their peers, weakening 1.0-1.1% d/d each, while EUR and GBP depreciated between 0.1-0.2% d/d. In contrast, most regional currencies strengthened against the Dollar except for the KRW, CNH (-0.3% d/d) and SGD (-0.3% d/d). MYR strengthened 0.2% d/d to close the day at 4.4177, and we expect cautious trading between 4.39-4.46 this week ahead of the US CPI.
- In the commodity space, oil prices slid 1.4-1.6% d/d as the OPEC+ production delay failed to allay oversupply concerns.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,642.52	-0.28
S&P 500	6,090.27	0.25
NASDAQ	19,859.77	0.81
Stoxx Eur 600	520.47	0.18
FTSE 100	8,308.61	-0.49
Nikkei 225	39,091.17	-0.77
CSI 300	3,973.14	1.31
Hang Seng	19,865.85	1.56
Straits Times	3,796.16	-0.69
KLCI 30	1,613.25	-0.15
FX		
Dollar Index	106.06	0.32
EUR/USD	1.0568	-0.17
GBP/USD	1.2744	-0.12
USD/JPY	150.00	-0.07
AUD/USD	0.6391	-0.96
USD/CNH	7.2843	0.29
USD/MYR	4.4177	-0.21
USD/SGD	1.3427	0.28
Commodities		
WTI (\$/bbl)	67.20	-1.61
Brent (\$/bbl)	71.12	-1.35
Gold (\$/oz)	2,638.60	0.46
Copper (\$\$/MT)	9,122.50	0.53
Aluminum(\$/MT)	2,603.50	-1.35
CPO (RM/tonne)	5,336.50	0.37

Source: Bloomberg, HLBB Global Markets Research
 * CPO dated as of 5 December

Jump in US NFP, consumer sentiment and consumer credit

- Nonfarm payrolls (NFP) came in at 227k for November, a shade higher than consensus and October's +36k (revised from +12k). There were also a 56k of upward revisions to the past two months, but the unemployment rate unexpectedly ticked up to 4.2% (prior: 4.1%) as the labor force participation rate nudged lower. Employment trended up in health care, leisure & hospitality, government and social assistance, but fell for retail trade.
- As it is, NFP is above the average of 186k/month over the 12 months prior to November, but this could be largely due to the return of workers who were on strike and as such, while labour data has remained solid, there is no change in our view that it has cooled and the Fed will likely continue with

its easing cycle next week. We also reiterate our view that the Fed will be cautious in its easing cycle going forward given possibilities of inflationary policies by Trump, and as wage growth remains strong. Average hourly earnings held steady, but were above forecasts at +0.4% m/m and 4.0% y/y in November.

- The University of Michigan Sentiment index improved more than expected to its highest reading in 7 months at 74.0 for December (prior: 71.8). Having that said, the uptick was driven primarily to the current index (77.7 vs 63.9) rather than expectations (71.6 vs 76.9), the former due to consumers purchasing durable goods now to avoid future price increases (year-ahead inflation expectations added 0.3ppts to 2.9%), rather than a sign of consumption strength.
- Consumer credit jumped more than expected by \$19.2bn in October from September's +\$3.2bn, as consumers ramp up purchases via credit card due the Amazon Prime Big Deal Days as well as similar promotions at Walmart and Target. Consequently, revolving debt outstanding surged \$15.7bn (prior: +\$1.6bn), while non-revolving credit also increased \$3.5bn (prior: \$1.6bn) driven by strong demand for loans for vehicle purchases.

Japan's leading index inched down, while assessment for coincident was left unchanged at "halting to fall"

- Leading index fell more than expected to 108.6 in October from 109.1 previously, while the assessment on coincidence was maintained as "halting to fall" for the sixth consecutive month. Performance was mixed across the sub-components for the leading index, with 5 subindices falling led by producer's final demand.
- Data this morning, meanwhile, saw bank lending for the month of November picking up pace to +3.0% y/y from 2.6% y/y previously, while 3Q GDP was revised up 0.1ppts to +0.3% q/q (2Q: +0.5% q/q). The upward revision was mainly due to upward revision to its inventory contribution as well as less than initially anticipated downward contribution from net exports

Vietnam's retail sales, manufacturing and export growth remains sturdy; inflation below government's target

- Another month of positive economic data from Vietnam. Although unlikely to reach the government's GDP growth target of 6.8-7.0% for the whole of 2024, growth is expected to remain robust for the rest of the year driven by strong exports, FDI and consumer spending. Retail sales accelerated to 8.8% y/y in November from 7.1% y/y previously as sales picked up for both tourism and trade related services. IPI also accelerated to +8.9% y/y from +7.0% y/y previously, driven by the uptick in manufacturing production, while exports unexpectedly moderated and weakened for the fourth month to +8.2% y/y (prior: +10.1% y/y).
- Meanwhile, inflation remained tame and unexpectedly eased to 2.8% y/y in November from 2.9% y/y previously, while core inched up 0.1ppts to 2.8% y/y. Amid mild inflationary pressures and strong economic data, the central bank will most likely maintain its policy rates unchanged for now.

Increase in Malaysia's foreign reserves in November

- Foreign reserves rose another \$0.3bn in 2H of the month to \$118.3bn as at 29 November (1H: +\$0.4bn), sufficient to finance 4.6 months of imports and is 0.9 times of the total short-term external debt.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-108	105.78	105.51	103.40	102.37
EUR/USD	1.04-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.26-1.29	1.28	1.28	1.31	1.32
USD/JPY	147-153	153	153	148	146
AUD/USD	0.63-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.39-4.46	4.40	4.40	4.30	4.26
USD/SGD	1.32-1.36	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
9-Dec	CH PPI YoY (Nov)	-2.90%
	CH CPI YoY (Nov)	0.30%
	EC Sentix Investor Confidence (Dec)	-12.8
	JN Eco Watchers Survey Outlook SA (Nov)	48.3
9-15 Dec	CH Aggregate Financing CNY YTD (Nov)	27060.0b
10-Dec	US NY Fed 1-Yr Inflation Expectations (Nov)	2.87%
	AU NAB Business Conditions (Nov)	7
	AU RBA Cash Rate Target	4.35%
	MA Manufacturing Sales Value YoY (Oct)	2.90%
	MA Industrial Production YoY (Oct)	2.30%
	US NFIB Small Business Optimism (Nov)	93.7
	CH Exports YoY (Nov)	12.70%

Source: Bloomberg

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