

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

## 10 Sep: Buy-on-dips in the global equity markets

**Treasuries closed mixed; DXY strengthened on slight paring in rate cut bets**

**US consumer credit surged to its highest since 2022; steady inflationary expectations**

**China's price prints flag deflation risks; weak domestic demand; 5% growth target at risk**

- US equities rebounded on Monday, as investors bought the dip following last week's sell-off and investors largely waited for more clues on the size of the Fed rate cut next week. All the three major US equity indices closed up 1.2% d/d and all major groups in the broad index closed in the green. The technology sector were Monday's top performers, followed by consumer discretionary, financials and industrial shares. Overnight, Apple Inc introduced the iPhone 16, with Tim Cook saying it was built for AI "from the ground up" but failed to impress investors. The stock closed just above the flatline.
- Similarly, Stoxx Eur 600 closed 0.8% higher on the day, with most sectors finishing in the green. Travel & leisure as well as chemicals stocks led gains, while real estate underperformed. Shares of luxury brands Burberry, Hugo Boss and Kering also pulled back on Monday, partially on worries over demand from China. Asian markets fell overnight with Hang Seng and CSI 300 leading losses in the region, but are set to track Wall Street's recovery today.
- Treasuries saw mild moves and closed mixed, with the front-end underperforming. The 2Y yield rose 2bps to 3.67%, but the 10Y fell 1bps to 3.70%. 10Y European bond yields also closed mixed between -3 to +1bps.
- DXY strengthened 0.4% d/d to 101.55 as investors dialled back some of its rate cut bets, despite absence of first tier data on the economic front. Consequently, all the G10 currencies depreciated against the Dollar save for the CAD. JPY weakened 0.6% d/d against the Dollar, EUR and GBP lost 0.4% and AUD by 0.2% d/d. Closer to home, all regional currencies also depreciated against the greenback. MYR weakened 1.0% d/d to 4.3722, while CNH and SGD depreciated by a lesser pace of 0.2-0.4% d/d each to 7.1202 and 1.3058 respectively.
- Oil prices rebounded to increase by 1.1-1.5% d/d after oil drillers halted some offshore crude production in the Gulf of Mexico due to Tropical Storm Francine, posing potential risks to supply. Traders will nonetheless be assessing demand outlook with major oil watchers set to issue their monthly reports and forecast this week, and after Trafigura Group said that Brent is probably heading to the \$60/barrel soon.

### US consumer credit surged to its highest since 2022

- Consumer credit jumped more than expected to \$25.5bn in July (prior: \$5.2bn), its highest since November 2022 driven by a surge in credit card balances as well as non-revolving credit such as auto purchases and school tuition. While the jump in borrowing would help support retail sales during the month, we are cautious going forward as consumers have become increasingly guarded in their spending given the still elevated interest rates,

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	40,829.59	1.20
S&P 500	5,471.05	1.16
NASDAQ	16,884.60	1.16
Stoxx Eur 600	510.70	0.82
FTSE 100	8,270.84	1.09
Nikkei 225	36,215.75	-0.48
CSI 300	3,192.95	-1.19
Hang Seng	17,196.96	-1.42
Straits Times	3,496.53	1.22
KLCI 30	1,651.49	-0.10
<b>FX</b>		
Dollar Index	101.55	0.37
EUR/USD	1.1035	-0.44
GBP/USD	1.3074	-0.42
USD/JPY	143.18	0.62
AUD/USD	0.6661	-0.15
USD/CNH	7.1202	0.36
USD/MYR	4.3722	0.97
USD/SGD	1.3058	0.24
<b>Commodities</b>		
WTI (\$/bbl)	68.71	1.54
Brent (\$/bbl)	71.84	1.10
Gold (\$/oz)	2,509.30	0.31
Copper (\$\$/MT)	9,097.00	1.12
Aluminum(\$/MT)	2,350.50	0.36
CPO (RM/tonne)	4,006.00	-0.01

Source: Bloomberg, HLBB Global Markets Research

\* Dated as of 6 Sep for CPO

and on the back of increasing delinquency rate. On a positive note, consumers will take a breather from expectations of tamer inflationary pressures. The New York Fed 1- and 5Y inflation expectations remained steady at 3.0% and 2.9% in August, although expectations at the 3Y horizon accelerated slightly to 2.5% from 2.3% previously.

#### Eurozone's investors sentiment worsened

- The Sentix index fell for the third time in a row to -15.4 in September (prior: -13.9), worse than expected mainly due to the situational index. As an EU heavy weight, the German economy played a major role for the drag, as investors were concerned that the economy could tip into recession.

#### Japan's Eco Watchers Outlook improved and beat expectations

- Eco Watchers Outlook index rose more than expected to 50.3 in August (prior: 48.3), its third consecutive month of improvement and driven by gains across the board, especially consumers. This suggests that the Japanese economy should continue with its moderate recovery, although there are concerns over the impact of price hikes on consumer spending. The central bank is on track with its tightening cycle going forward, with the market currently pencilling in the next rate hike in the January 2025 meeting at the point of writing.

#### China's price prints continue to flag deflation risks, weak domestic demand

- Latest price prints from China continue to flag risk of more entrenched deflation and weakness in domestic demand. This puts the 5% targeted growth at risk and boosts the case for stronger fiscal as well as monetary stimulus. CPI undershot expectations at 0.6% y/y in August despite the acceleration in food prices due to bad weather, while core cooled to its weakest in more than 3 years at +0.3% y/y (prior: +0.5% y/y and +0.4% y/y). PPI, meanwhile, remained contractionary at -1.8% y/y, worsening from -0.8% y/y previously.

#### 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	141-146	145	143	140	137
AUD/USD	0.66-0.69	0.66	0.66	0.67	0.68
USD/MYR	4.31-4.38	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
10-Sep	AU Westpac Consumer Conf Index (Sep)	85
	AU NAB Business Conditions (Aug)	6
	MA Manufacturing Sales Value YoY (Jul)	5.90%
	MA Industrial Production YoY (Jul)	5.00%

	UK Weekly Earnings ex Bonus 3M/YoY (Jul)	5.40%
	UK ILO Unemployment Rate 3Mths (Jul)	4.20%
	US NFIB Small Business Optimism (Aug)	93.7
	CH Exports YoY (Aug)	7.00%
11-Sep	UK Monthly GDP (3M/3M) (Jul)	0.90%
	US MBA Mortgage Applications	1.60%
	US CPI Ex Food and Energy YoY (Aug)	3.20%
	US Real Avg Weekly Earnings YoY (Aug)	0.40%
11-18 Sep	CH FDI YTD YoY CNY (Aug)	-29.60%

Source: Bloomberg

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