

Global Markets Research
Daily Market Highlights

10 Dec: Markets stayed cautious ahead of US CPI

Risk-off mood ahead of US CPI and Middle-east tension

Stocks and bonds ended mixed to lower; DXY advanced on safety appeal

China's comment on policy easing will likely help cushion losses in Asian markets today

- Global financial markets traded on a mixed note on Monday, under a congruence of Nvidia's probe, geopolitical tensions, as well as cautiousness ahead of Wednesday CPI print from the US, the last key data in the run-up to next week's FOMC meeting. The three major benchmark US stock indices closed in the red by between 0.5-0.6% d/d overnight, all off recent record highs, led by a 2.5% fall in Nvidia as China opened a probe on the company for breaking an anti-monopoly law, in another sign of intensifying frictions between the US and China. Other tech shares like Apple and Alphabet registered gains on the day while Chinese stocks listed in the US also advanced amid optimism over explicit guidance from the China government on further policy easing to boost domestic consumption in the country.
- Markets were also in jittery mode amid unfolding of more geopolitical development in the Middle-east, the latest being the leader of the rebel group that toppled Syrian's President Bashar Al-Assad, is being tasked to form a transitional government. Assad was earlier granted asylum in Moscow by President Putin. Elsewhere, stocks ended mixed in Europe and Asia, with gains seen in UK, France, Japan and Hong Kong while losses were seen in Germany, China, South Korea, Singapore and Malaysia. Futures are pointing to a mixed opening in Asian markets this morning amid an overall risk-off environment.
- In the bond space, trading in UST started the week on a quiet note as investors preferred to stay on the sideline ahead of US CPI data and a flurry of debt supply this week. UST fell across the curve, pushing overall benchmark UST yields higher by 2-5bps (prior: 1-4bps lower). European bonds however traded mixed, with small gains and losses within 1bp overall.
- The Dollar Index rose for a 2nd straight day on haven demand, back above the 106 handle at 106.17 at close (+0.2% d/d), after trading within a narrow range of 105.80-106.21 for the day. Both G10s and major Asian currencies saw mixed performances against the greenback. The AUD (+0.8%) and NZD (+0.6%) led gainers while the JPY plunged 0.8% d/d in the G10 space. Closer to home, THB (+0.8%) and CNH (+0.2%) outperformed, while KRW (-0.5%) and PHP (-0.5%) weakened against the USD. The MYR halted three straight days of gains and weakened 0.2% on the day to 4.4265 vs the USD at close while SGD firmed 0.2% d/d to 1.3404.
- On the commodity front, oil prices rose 1.2-1.5% d/d amid tensions in the Middle-east and on expectations China's stimulus will boost demand for oil. The Brent last settled at \$71.90/ barrel while the WTI at \$68.16/ barrel. Gold prices also gained 1.1% on the day to \$2683/ oz, similarly on the Syrian and China factors.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,401.93	-0.54
S&P 500	6,052.85	-0.61
NASDAQ	19,736.69	-0.62
Stoxx Eur 600	521.22	0.14
FTSE 100	8,352.08	0.52
Nikkei 225	39,160.50	0.18
CSI 300	3,966.57	-0.17
Hang Seng	20,414.09	2.76
Straits Times	3,794.92	-0.03
KLCI 30	1,611.43	-0.11
FX		
Dollar Index	106.17	0.19
EUR/USD	1.0554	-0.13
GBP/USD	1.2750	0.05
USD/JPY	151.21	0.81
AUD/USD	0.6440	0.77
USD/CNH	7.2675	-0.23
USD/MYR	4.4265	0.20
USD/SGD	1.3404	-0.17
Commodities		
WTI (\$/bbl)	68.16	1.47
Brent (\$/bbl)	71.90	1.20
Gold (\$/oz)	2,683.00	1.06
Copper (\$\$/MT)	9,231.50	1.53
Aluminum(\$/MT)	2,596.50	-0.42
CPO (RM/tonne)	5,333.50	-0.06

Source: Bloomberg, HLBB Global Markets Research

* CPO dated as of 6 December

US inflation expectations crept marginally higher in November

- New York Fed 1-Yr Inflation Expectations edged higher to 2.97% in November as expected (Oct: 2.87%), but remained close to YTD average of 3.03% and should not raise any alarm. The higher expectations came from medical care and college, which more than offset lower expectations for food, gas, and rent. Household expectations for 3Y and 5Y ahead also saw some slight inch-up, a sign consumers remained wary of elevated prices even in the medium to longer term.

Eurozone investors turned more pessimistic in December

- Sentix investor confidence defied expectations for a slight improvement, deteriorated sharply to -17.5 in December (Nov: -12.8), its worst reading since November last year. Investors' confidence over present situation and future expectations both fell, suggesting recent economic weakness, trade and geopolitical conflicts may continue to dampen growth outlook for the region going forward.

China continues to battle with deflationary risks

- China continues to battle with deflationary risks, suggesting that domestic demand remains sluggish and that investors will be watching out for more stimulus measures from the Central Economic Work Conference this week. Consumer prices unexpectedly slowed to 0.2% y/y in November from +0.3% y/y previously, while producer prices (PPI) extended slide for the 26th straight month, albeit at a narrower pace of 2.5% y/y (prior: 2.9% y/y). According to officials, moderating food inflation was a drag on prices for CPI due to higher temperatures and decline in travel, while accelerated real estate and infrastructure projects helped drive prices up for industrial products.

Japan's Eco Watchers outlook index improved; suggesting moderate recovery going forward

- The Eco Watchers outlook index improved more than expected to 49.4 in October from 48.3 previously, as the household, corporate-related and employment sub-indices all broadly improved during the month. This suggests that the economy is expected continue with its moderate recovery going forward and amid concerns over impact of price hikes, the BOJ will likely continue with its tightening cycle in 2025.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DX	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
10-Dec	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
11-Dec	CH Exports YoY (Nov)	12.70%
	JN BSI Large All Industry QoQ (4Q)	5.1
	JN PPI YoY (Nov)	3.40%
	US MBA Mortgage Applications	2.80%
	US CPI Ex Food and Energy YoY (Nov)	3.30%
11-18 Dec	US Real Avg Weekly Earnings YoY (Nov)	1.40%
	CH FDI YTD YoY CNY (Nov)	-29.80%

Source: Bloomberg

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