11 November 2024

Global Markets Research
Daily Market Highlights

11 Nov: Trump's win reverberates through financial markets

The Dow and S&P 500 at record highs; USTs closed mixed with short-end underperforming
DXY back to 105s; AUD underperforming peers on disappointing China stimulus
MYR strengthened despite further growth moderation in IPI and wholesale & retail trade

- Equities markets continued to reverberate from Trump's win, sending all the three major US equity indices rallying again last Friday. The Dow closed up 0.6% d/d after testing 44k during the session, the S&P 500 gained 0.4% d/d after touching 6k for the first time ever in an intraday high, while Nasdaq lagged with a mere 0.1% d/d gain. Eight of the eleven of the S&P sectors closed higher led by utilities, real estate, staples as well as discretionary stocks.
- Elsewhere, equity indices closed mixed. European stocks (Stoxx Eur: -0.7% d/d) closed mostly down due to disappointing economic support measures from China. Miners, specifically, lagged as copper and other commodity prices slid following the underwhelming 10 trillion debt swap from China to help its local governments' debt crisis. Asian markets closed mixed but are set to fall today following futures.
- Treasuries closed mixed (Yields: +/-6bps) with the short-end underperforming in a risk-on environment and on pared rate cut bets. The 2Y yield rose 6bps to 4.25% but the 10Y fell 2bps to 4.30%. 10Y European bond yields fell between 6-11bps after closing mostly higher the day prior.
- In the forex space, the Dollar strengthened against all its G10 peers save for the JPY (+0.2% d/d) but closed mixed against regionals. DXY closed up 0.5% d/d to 105.00, with AUD, the liquid proxy to the Chinese counterparts underperforming its peers by falling 1.4% d/d to 0.6583. EUR and GBP weakened 0.8% and 0.5% d/d to 1.0718 and 1.2921 respectively, while closer to home, SGD and CNH depreciated by 0.4% d/d and 0.7% d/d respectively. MYR outperformed with a gain of 0.5% d/d to 4.3825 despite its IPI print coming below forecasts.
- In the crude oil market, prices fell 2.3-2.7% d/d after China's stimulus measures disappointed the markets, and reports that the US Department of Energy bought 2.4m barrels of energy for the Strategic Petroleum Reserve failed to provide support for prices.

Consumer sentiment climbed in the US even before the elections

- The University of Michigan Sentiment index improved more than expected to 73.0 in November from 70.5 previously. This marks the highest reading in 6 months due to the expectations index, which saw expectations over personal finances climbing due to strengthening income prospects, while both short-run and long-run business conditions also soared, even before the elections. Meanwhile, year-ahead inflation expectations fell slightly to 2.6% (prior: 2.7%), but the long-run inflation expectations inched up 0.1ppts to 3.1%, modestly elevated as compared to the 2 years pre-pandemic.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	43,988.99	0.59
S&P 500	5,995.54	0.38
NASDAQ	19,286.78	0.09
Stoxx Eur 600	506.63	-0.65
FTSE 100	8,072.39	-0.84
Nikkei 225	39,500.37	0.30
CSI 300	4,104.05	-1.00
Hang Seng	20,728.19	-1.07
Straits Times	3,724.37	1.39
KLCI 30	1,621.24	-0.13
FX		
Dollar Index	105.00	0.47
EUR/USD	1.0718	-0.81
GBP/USD	1.2921	-0.51
USD/JPY	152.64	-0.20
AUD/USD	0.6583	-1.44
USD/CNH	7.2013	0.74
USD/MYR	4.3825	-0.49
USD/SGD	1.3255	0.41
Commodities		
WTI ($/bbl)	70.38	-2.74
Brent ($/bbl)	73.87	-2.33
Gold ($/oz)	2,694.80	-0.41
Copper ($$/MT)	9,443.50	-2.28
Aluminum($/MT)	2,620.50	-2.75
CPO (RM/tonne)	5,046.50	1.18

Source: Bloomberg, HLBB Global Markets Research
** Dated as of 7 Nov for CPO*

Japan's economy still "halting to fall" but leading index rose more than expected

- Mixed data from Japan, suggesting some pockets of weakness in the current economy and why the central bank will maintain the status quo for now but remains on a tightening policy cycle. Assessment of the coincident index was maintained as "halting to fall," implying the economy is stagnant to weaker, but the leading index rose more than expected to 109.4 in September (prior: 106.9). This marks a turnaround from the prior month's decline and was underpinned by improvements across the sub-components save for producers' final demand and inventory ratio.

China's inflation eased; producer prices fell as weak domestic demand persists

- Consumer inflation (CPI) unexpectedly slowed to +0.3% y/y in October, while producer prices (PPI) contracted at a larger pace of 2.9% y/y (prior: +0.4% y/y vs -2.8% y/y). As it is, the main drag for the former was food prices and as core inflation accelerated (+0.2% y/y from +0.1% y/y), this is a good sign that domestic demand, although still sluggish, is slowly picking up as the impact from the fiscal stimulus measures trickles in.

Further moderation in IPI and wholesale & retail trade for Malaysia

- Malaysia's Industrial Production Index (IPI) reported easier growth for the 2nd straight month, increasing by 2.3% y/y in September (Aug: +4.1% y/y), its slowest gain for the year. Sharply slower growth in manufacturing production (+3.2% vs +6.5% y/y) as well as electricity output, were the main drags on overall production. Meanwhile, mining saw extended contraction, albeit narrower (-2.2% vs -6.4% y/y). In a separate release, manufacturing sales also recorded more moderate growth for the 2nd straight month, at 2.9% y/y in September (Aug: +7.7% y/y).
- In the wholesale & retail trade sector, growth tapered off for the 2nd straight month, to 3.8% y/y in September (Aug: +4.7% y/y), marking its slowest growth in three years. The back-to-back moderation was due to softer retail sales and a decline in motor vehicle sales, a sign of softening consumption. Despite this, with the unemployment rate holding steady at 3.2%, this not only reaffirmed a healthy labour market that would continue to underpin private consumption going forward.
- All in, the back-to-back moderation in IPI and wholesale & retail trade numbers added to signs that growth has lost momentum in 3Q. We estimate GDP to be in the region of 5.3-5.5%, with manufacturing, services and construction being the key growth drivers. We continue to expect moderate growth prospects for the Malaysian economy despite noises on US trade, monetary and fiscal policies given the change in the US presidency, on grounds that Malaysia stands to benefit from trade and investment diversion should the US-China tension escalate.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	103-106	101.56	100.54	99.53	99.04
EUR/USD	1.06-1.10	1.11	1.12	1.13	1.14
GBP/USD	1.28-1.32	1.33	1.35	1.36	1.37
USD/JPY	150-155	146	142	138	135
AUD/USD	0.65-0.68	0.68	0.69	0.70	0.71
USD/MYR	4.36-4.43	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	4.50-4.75	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	4.75	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
11-Nov	JN Bank Lending Ex-Trusts YoY (Oct)	3.10%
	JN Eco Watchers Survey Outlook SA (Oct)	49.7
11-18 Nov	CH FDI YTD YoY CNY (Oct)	-30.40%
12-Nov	AU NAB Business Confidence (Oct)	-2
	UK Average Weekly Earnings 3M/YoY (Sep)	3.80%
	UK ILO Unemployment Rate 3Mths (Sep)	4.00%
	EC ZEW Survey Expectations (Nov)	20.1
	US NFIB Small Business Optimism (Oct)	91.5
	US NY Fed 1-Yr Inflation Expectations (Oct)	3.00%

Source: Bloomberg

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