

12 November 2024

Global Markets Research

Daily Market Highlights

12 Nov: Trump-trades continue to drive the financial markets

The Dow and S&P 500 closed at fresh record highs; USTs closed for Veterans Day

DXY touched 105.71; EUR slid to a 6.5-month low weighed down by US tariff concerns

Oil prices extended losses on firmer USD and soft demand outlook from China

- Investors kept piling into US equities on optimism over Trump's win, sending the Dow surging 0.7% d/d to close above 44k for the first time ever. S&P 500 also added 0.1% d/d to close above 6k, a record close while Nasdaq also gained 0.1% d/d. Shares of Tesla and Trump Media kept soaring along with banking stocks, the latter on optimism that a Trump win could lead to easier regulation and more deal making.
- In Europe, equity indices (Stoxx Eur 600: +1.1% d/d) also started the week in the green on positive earnings updates from the likes of Continental and Hannover Re. This more than offset worries over possible US trade tariffs, and was driven by cyclical stocks like construction, banks and industrials. Asian markets closed mixed after China's data and stimulus fell short of market expectations, and futures signal that investors remain cautious today.
- The Treasury market was closed for Veterans Day but in Europe, 10Y government bonds fell at a narrower pace of 1-7bps overnight (prior: 6-11bps lower).
- In the forex space; DXY closed up 0.5% d/d to 105.54 after hitting as high as 105.71 during the day in an extended Trump-driven rally. The Dollar strengthened against all its G10 peers, with JPY underperforming its peers, followed by DKK and EUR respectively. JPY depreciated 0.7% d/d after the latest summary of opinions from BOJ policy meeting showed that policy makers were cautious in its tightening policy path given the political uncertainties, while EUR weakened 0.6% d/d to 1.0655, its weakest in 6.5 months weighed down by US tariff concerns. GBP and AUD weakened by a smaller pace of 0.4% d/d and 0.1% d/d respectively. Regional currencies also depreciated against the Dollar, led by THB, SGD (-0.6% d/d to 1.3339) and MYR (-0.6% d/d to 4.4105) respectively.
- Oil prices extended losses for another day amid the stronger USD as well as on soft demand outlook for China. The WTI and Brent closed down 3.3% d/d and 2.8% d/d respectively.

Australia's consumer sentiment improved after RBA rate pause, fell after Trump's win

- Australia's consumer confidence, using the Westpac index as a gauge, continued to climb by 5.3% m/m to 94.6 in November (prior: 6.2% m/m), narrowing the gap to the 100 threshold which divides pessimists and optimists. This suggests improving but still cautious consumer sentiment, providing retailers with more positive signs ahead of the festive season. Details also suggests that sentiment was markedly higher after the RBA kept its policy rate unchanged, but fell sharply following Trump's win.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,293.13	0.69
S&P 500	6,001.35	0.10
NASDAQ	19,298.76	0.06
Stoxx Eur 600	512.37	1.13
FTSE 100	8,125.19	0.65
Nikkei 225	39,533.32	0.08
CSI 300	4,131.13	0.66
Hang Seng	20,426.93	-1.45
Straits Times	3,739.47	0.41
KLCI 30	1,609.26	-0.74
FX		
Dollar Index	105.54	0.52
EUR/USD	1.0655	-0.59
GBP/USD	1.2868	-0.41
USD/JPY	153.72	0.71
AUD/USD	0.6575	-0.12
USD/CNH	7.2278	0.37
USD/MYR	4.4105	0.64
USD/SGD	1.3339	0.63
Commodities		
WTI (\$/bbl)	68.04	-3.32
Brent (\$/bbl)	71.83	-2.76
Gold (\$/oz)	2,617.70	-2.86
Copper (\$\$/MT)	9,331.50	-1.19
Aluminum(\$/MT)	2,586.50	-1.30
CPO (RM/tonne)	5,070.50	0.48

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 8 Nov for CPO

Japan's bank lending held steady, but Eco-Watchers indices eased more than expected

- Data overnight continues to point to moderate economic recovery for Japan. Bank lending held steady at 2.7% y/y in October, but this still marks a slowdown from the +3.2% y/y YTD peak in June. Both the Eco Watchers Current and Outlook indices eased more than expected to 47.5 and 48.3 for the same month (prior: 47.8 and 49.7), the latter weighed down by falls in household, corporate and employment related sub-indices.

China's credit growth disappointed as corporate and household borrowings remained sluggish

- In China, aggregate financing totalled 27.1tn yuan for the period Jan-Oct, undershooting consensus forecast's 27.2tn yuan. On a m/m basis, credit growth slowed to +1.4tn yuan from 3.8tn yuan previously, with government funding accounting for three-quarters of the new financings while corporate and household borrowings lagged, prompting calls for more stimulus to boost confidence and domestic demand.

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
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
13-Nov	US NY Fed 1-Yr Inflation Expectations (Oct)	3.00%
	JN PPI YoY (Oct)	2.80%
	AU Wage Price Index YoY (3Q)	4.10%
	EC Industrial Production SA MoM (Sep)	1.80%
	US MBA Mortgage Applications	-10.80%
	US Real Avg Weekly Earnings YoY (Oct)	0.90%
	US CPI Ex Food and Energy YoY (Oct)	3.30%

Source: Bloomberg

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