

13 November 2024

## Global Markets Research

### Daily Market Highlights

# 13 Nov: Sell-off in global financial markets ahead of US CPI today

**DXY broke above 106 after the spike in UST yields; equities all ended in the red**

**Oil prices traded near their lows after OPEC cut world demand forecasts for 2024 & 2025**

**Trump's win boosted business optimism in the US, dented investor sentiment in Europe**

- US equities retreated as the major indices took a breather from their post-election run while higher Treasury yields also helped put a pause to the rally. The Dow pulled back 0.9% d/d, while the S&P 500 and Nasdaq dropped 0.3% d/d and 0.1% d/d respectively. Trump-related trades were among the notable losers, while small-cap stocks, viewed as a potential beneficiary to Trump's win, were also broadly under pressure (Russell 2000: -1.8% d/d).
- Elsewhere, Stoxx Eur 600 logged its largest 1-day drop in three months and plunged 2.0% d/d as worries over Trump and his tariffs mount. Most sectors closed in the red, with mining stocks the laggard as prices of iron ore and aluminium sank. Asian investors remained cautious despite the post-election rally in the US and are set to open lower today as the rally in Wall Street ran off steam.
- In the bond space, concerns over sticky inflation ahead of the CPI print today as well as worries over potentially inflationary Trump policies drove another round of sell-offs in the Treasuries market. UST yields jumped 9-13bps across the curve overnight, with the 2Y yield rising 9bps to 4.34% while the 10Y surged 12bps to 4.43%. 10Y European bond yields increased in tune to 3-7bps (prior: -1 to -7bps), save the Norwegian and Swedish sovereign bonds.
- In the forex space, DXY rallied 0.5% d/d to 106.02 and the Dollar strengthened against all its G10 peers after the spike in Treasury yields. Leading losses against USD were GBP (-0.9% d/d), AUD (-0.6% d/d) and NZD (-0.6% d/d) respectively, with appetite for sterling dented by its softer labour data and AUD feeling the heat from China's weak economic outlook. JPY also depreciated by 0.6% d/d to 154.61. On the regional front, major currencies weakened against the Dollar led by THB, IDR and MYR (-0.6% d/d to 4.4383). CNH and SGD also weakened, albeit at a narrower pace of 0.2%-0.3% d/d respectively.
- Oil prices held around their November lows at \$68.12/barrel (+0.1% d/d) for the WTI and \$71.89 (+0.1% d/d). This comes after shedding about 5% the past two sessions due to the strong USD and weak China demand outlook. Weighing on prices overnight was OPEC's downward revisions to its world demand forecast for crude oil (+1.8mb/d in 2024 and +1.5mb/d in 2025).

#### Rising business optimism amongst small business owners in the US

- The NFIB Small Business Optimism index increased more than expected by 2.2 points to 93.7 in October, driven by less uncertainty over future business conditions post-election. Although optimism is on the rise, low sales, unfilled job openings and ongoing inflationary pressures continue to challenge small business owners and the index remains below its 50-year average of 98.0.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	43,910.98	-0.86
S&P 500	5,983.99	-0.29
NASDAQ	19,281.40	-0.09
Stoxx Eur 600	502.23	-1.98
FTSE 100	8,025.77	-1.22
Nikkei 225	39,376.09	-0.40
CSI 300	4,085.74	-1.10
Hang Seng	19,846.88	-2.84
Straits Times	3,711.48	-0.75
KLCI 30	1,608.43	-0.05
<b>FX</b>		
Dollar Index	106.02	0.46
EUR/USD	1.0623	-0.30
GBP/USD	1.2748	-0.93
USD/JPY	154.61	0.58
AUD/USD	0.6533	-0.64
USD/CNH	7.2430	0.21
USD/MYR	4.4383	0.63
USD/SGD	1.3382	0.32
<b>Commodities</b>		
WTI (\$/bbl)	68.12	0.12
Brent (\$/bbl)	71.89	0.08
Gold (\$/oz)	2,606.30	-0.44
Copper (\$\$/MT)	9,142.00	-2.03
Aluminum(\$/MT)	2,563.00	-0.91
CPO (RM/tonne)	5,157.50	1.72

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 11 Nov for CPO

Meanwhile, separate data from the New York Fed showed that 1Y inflation expectations remained elevated although easing 0.1ppts to 2.9%.

#### Investors sentiment in the Eurozone tumbled after Trump's victory

- In contrast, investor sentiment in Germany tumbled after Trump's victory in the election, further weighed down by the collapse of the German government coalition. The ZEW Survey expectations index unexpectedly fell to 7.4 in November from 13.1, and concurrently, the sentiment for the euro bloc also slid to 12.5 (prior: 20.1). As it is, fears of Trump's protectionist policies, if materialises, are negative for Europe's exports and will further push-back any chances of recovery for the economy.

#### Softer labour prints but wage growth has barely slowed for the UK

- All in, UK recorded softer labour prints overnight but wage growth that remains elevated. Weekly earnings ex-bonus slowed less than expected to 4.8% y/y for the quarter ended September (Prior: 4.9% y/y), despite the unemployment rate ticking up more than expected to 4.3% from 4.0% previously. Payrolled employees continued to fall, but at a narrower pace of 5k in October, slower than -9k the prior month or even -28.8k in August.
- As it is, labour prints are expected to moderate going forward but wage growth is likely to stay elevated around the 4.5-5.0% range until year end, bolstering case for BOE rate cut caution and a likely pause in the December meeting. Echoing our view was BOE Chief Economist Huw Pill's comment post-print, that the wage growth "remains quite sticky" and at "elevated levels," the bank has some work to do to tame inflation and that further reductions are likely to be gradual.

#### Australia's business confidence rose sharply to its highest since 2023

- NAB Business confidence rose sharply back to its highest since 2023 at 5 in October (prior: -2), while business conditions held steady at 7. Gains in confidence were broad-based, while business conditions were driven by the services sector as the goods sectors were weaker. All in, these indices signal a resilient economy, with signs of easing in price and cost pressures, though with capacity utilisation still high it will likely take more time before inflation pressures normalises and the RBA starts its easing cycle.

#### Uptick in Japan's PPI due to commodities supports rate hike bets

- Data this morning showed that PPI grew more than expected by 3.4% y/y and 0.2% m/m in October (prior: +3.1% y/y and +0.3% y/y), supporting BOJ's case of rate hikes going forward. Largely driving prices during the month were commodities from agriculture to non-ferrous metals like copper.

#### 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	4.36-4.45	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
13-Nov	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%
14-Nov	AU Consumer Inflation Expectation (Nov)	4.00%
	AU Unemployment Rate (Oct)	4.10%
	UK Monthly GDP (MoM) (Sep)	0.20%
	UK GDP QoQ (3Q P)	0.50%
	EC GDP SA QoQ (3Q P)	0.40%
	EC Employment QoQ (3Q P)	0.20%
	US PPI Final Demand YoY (Oct)	1.80%
	US Initial Jobless Claims	221k

Source: Bloomberg

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