

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

## 14 Nov: US CPI reaffirmed rate cut bets in December

**US equities lost some steam; Treasuries closed mixed; DXY stays firmly above 106s**  
**Still elevated CPI and Trump's inflationary policies signalled shallower Fed rate cuts**  
**AUD weakened against USD after Australia's wage growth eased below 4%**

- The post-election rally lost some steam overnight, with the S&P 500 closing just above its flatline while the 30-stock Dow ticked up 0.1% d/d. Nasdaq was the outlier, falling 0.3% d/d after US headline CPI matched expectations but accelerated a tad to 2.6% y/y. Still, core prices held steady at 3.3% y/y and consequently, saw traders ramping up bets that the Fed will deliver another rate cut in December. Futures prices implied 82% chance of nearly a 25bps rate cut in this meeting while in Fed speaks, officials reiterated confidence over the decelerating inflation path, but fretted on how far the central bank will need to and can lower rates.
- Similarly, European markets closed little changed after US CPI, although most sectors within Stoxx Eur 600 (-0.1% d/d) pulled back during the session. In Asia, major markets closed mixed but are poised to drift higher today following the futures as US CPI supports Fed easing expectations.
- Treasuries closed mixed after the US CPI print, with the front-end outperforming on the Fed outlook, while the longer-end weakened on expectations that Trump's policies may keep inflation elevated. The 2Y UST yield closed down 5bps to 4.29%, while the 10Y yield inched up 2bps to 4.45%. In Europe, 10Y bond yields closed up 2-4bps (prior: 3-7bps), save for the Portuguese sovereign bonds.
- DXY held firmly above the 106-handle and rallied after the release of US CPI, gaining another 0.4% d/d to 106.48. The Dollar strengthened against all its G10 peers, with SEK, NZD and AUD (-0.7% d/d) the notable laggards. The AUD was weighed down by the deceleration in its wage growth below 4% for the first time since 2023. Meanwhile, EUR, GBP and JPY also traded weaker against the greenback between 0.3-0.6% d/d. On the regional front, major currencies closed mixed against USD, with MYR (-0.2% d/d to 4.4473) and SGD (-0.3% d/d to 1.3428) registering losses vs the USD.
- In the commodities space, crude oil prices rebounded in tune to 0.5% d/d after OPEC's gloomy demand forecast the prior day, driven by the conflict in the Middle East. This comes after Israel said that some rockets had been launched from Lebanon.

### Steady core-inflationary pressures in the US reaffirm rate cut bets for December

- There were no surprises in the October's CPI data, with inflation not picking up nor cooling as fast as the Fed would like to have. Matching expectations, headline accelerated to 2.6% y/y from 2.4% y/y, and held steady at +0.2% m/m. Core inflation, meanwhile, was unchanged at 3.3% y/y and +0.3% m/m. Shelter costs (+0.4% m/m vs +1.4% m/m) contributed to the bulk of inflation during the month, while prices for used cars also accelerated to their strongest

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	43,958.19	0.11
S&P 500	5,985.38	0.02
NASDAQ	19,230.72	-0.26
Stoxx Eur 600	501.59	-0.13
FTSE 100	8,030.33	0.06
Nikkei 225	38,721.66	-1.66
CSI 300	4,110.89	0.62
Hang Seng	19,823.45	-0.12
Straits Times	3,720.34	0.24
KLCI 30	1,611.50	0.19
<b>FX</b>		
Dollar Index	106.48	0.43
EUR/USD	1.0564	-0.56
GBP/USD	1.2708	-0.31
USD/JPY	155.46	0.55
AUD/USD	0.6485	-0.73
USD/CNH	7.2437	0.01
USD/MYR	4.4473	0.20
USD/SGD	1.3428	0.34
<b>Commodities</b>		
WTI (\$/bbl)	68.43	0.46
Brent (\$/bbl)	72.28	0.54
Gold (\$/oz)	2,586.50	-0.76
Copper (\$\$/MT)	9,047.00	-1.04
Aluminum(\$/MT)	2,530.50	-1.27
CPO (RM/tonne)	5,180.50	0.45

Source: Bloomberg, HLBB Global Markets Research  
 \* Dated as of 12 Nov for CPO

since May 2023 (+2.7% m/m vs +0.3% m/m). Outside of this, the goods disinflation has broadly stalled while services costs for transportation and medical care also eased but could face headwinds ahead of Trump's proposed tariffs and pro-growth policies, as well as still sturdy wage growth. In fact, separate data showed that real average weekly earnings picked up during the month to +1.4% y/y from +1.1% y/y previously, a sign of underlying inflationary pressure. We are in the midst of reviewing our house view on rates and FX forecast, expecting lesser Fed rate cuts and a firmer USD ahead.

- Despite mortgage rates climbing to its highest since July (30Y fixed rate: 6.86%), mortgage applications rebounded to increase 0.5% m/m for the week ended November 8 (prior: -10.8% w/w). This marks the first growth in seven weeks largely reflecting higher new purchase applications, the latter bucking the trend with lower rates during the week. Overall, the latest data reflects pent-demand from buyers, but one that is highly sensitive to rates.

### Australia's wage growth slowed below the 4.0% level for the first time since 2023

- Wage growth slowed below the 4.0% level for the first time since 2Q of 2023, moderating to 3.5% y/y and 0.8% q/q in 3Q (prior: +4.1% y/y and +0.8% q/q). The print was below street forecasts and largely reflecting impact from the Fair Work Commission Annual Wage Review, which saw wages growing at a slower pace of 3.75% starting from 1 July 2024, as compared to 5.75% y/y the year before. As it is, the latest data validates RBA's view that wage growth has peaked and will facilitate the government's attempt to achieve its 2-3% target in terms of inflation. Further lending support to this was the easing consumer inflation expectations to 3.8% in November from 4.0% previously.

### 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
14-Nov	AU Unemployment Rate (Oct)	4.10%
	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
15-Nov	JN GDP SA QoQ (3Q P)	0.70%
	CH New Home Prices MoM (Oct)	-0.71%
	CH Industrial Production YTD YoY (Oct)	5.80%
	CH Retail Sales YTD YoY (Oct)	3.30%

CH Fixed Assets Ex Rural YTD YoY (Oct)	3.40%
CH Surveyed Jobless Rate (Oct)	5.10%
MA GDP YoY (3Q F)	5.30%
HK GDP YoY (3Q F)	1.80%
UK GDP QoQ (3Q P)	0.50%
US Empire Manufacturing (Nov)	-11.9
US Retail Sales Advance MoM (Oct)	0.40%
US Import Price Index YoY (Oct)	-0.10%
US Manufacturing (SIC) Production (Oct)	-0.40%

Source: Bloomberg

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