

Global Markets Research
Daily Market Highlights

22 Nov: Slight improvement in risk appetite in financial markets

Mixed US data - leading index fell; home sales jumped; jobless claims at 7-month low

Australia's services sector turned negative; Japan's core-CPI above BOJ's target

Singapore revised up its final 3Q GDP growth to 5.4% y/y; full year forecast to 3.5%

- The Dow led gains amongst the US equity majors, rallying 1.1% d/d or more than 400 points overnight powered by gains in Salesforce and IBM. This comes after Snowflake shares soared nearly 33% d/d after reporting revenue beat, pulling other software stocks up with it. S&P 500 also added 0.5% d/d, while Nasdaq closed just above the flatline weighed down by losses at Alphabet. Meanwhile, bitcoin hit a new intraday peak just above \$99k.
- In Europe, Stoxx Eur 600 ended the session 0.4% d/d higher as energy gains tempered geopolitical concerns. Corporate earnings reports were mixed, with JD Sports lagging after delivering subdued sales print. Asian markets mostly fell after Nvidia's results but are set for a rebound today following Wall Street and futures. Shares of Adani Group companies notably plunged after US prosecutors charged its founder billionaire Gautam Adani for bribery and fraud.
- In the bond space, Treasuries gave up its early safe haven gains as risk appetite climbed, sending yields up 1-3bps across the curve. While the 10Y yield inched up 1bps to 4.42%, the 2Y rose 3bps to 4.35%, its highest since July. Fed President Austan Goolsbee, however, expressed confidence in the US' disinflation path, adding that he sees the neutral rate way below where the current Fed funds rate is. Yields to the 10Y European bonds fell in tune to 1-3bps, a turnaround from prior day's +1 to +3bps.
- DXY pushed 0.3% d/d higher to 106.97 in choppy trade, and the Dollar strengthened against most of its G10 peers amid higher UST yields and an escalation in Ukraine-Russia war which boosted demand for haven currencies. EUR, DKK and GBP (-0.5% to -0.7% d/d) were laggards amongst the G10 currencies, while AUD, CAD and JPY outperformed between 0-0.6% d/d. In central bank speaks, BOE Catherine Mann said that cutting rates by 1ppts over the next year would fan inflation. ECB's Francois Villeroy de Galhau commented that Trump's presidency would not disrupt the bank's easing plan, but Frank Elderson said that the ECB can't ignore supply shocks to the bloc's inflation. Regional currencies closed mixed with SGD (-0.3% d/d) and CNH (-0.1% d/d) amongst the laggards, while MYR strengthened 0.1% d/d to close at 4.4668.
- Prices of oil jumped another 1.8-2.0% d/d on further escalation in Russia-Ukraine war amid reports that long-range missiles were launched, outweighing higher US crude inventories prints.

Mixed data from the US

- Weighed down by manufacturers' new orders, the Leading Index (LEI) was worse than expected, contracting 0.4% m/m in October (Sep: -0.3% m/m), while the 6-month LEI fell by 2.2%, slightly more than its 2.0% decline the 6

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	43,870.35	1.06
S&P 500	5,948.71	0.53
NASDAQ	18,972.42	0.03
Stoxx Eur 600	502.54	0.41
FTSE 100	8,149.27	0.79
Nikkei 225	38,026.17	-0.85
CSI 300	3,989.30	0.09
Hang Seng	19,601.11	-0.53
Straits Times	3,739.22	-0.12
KLCI 30	1,588.68	-0.59
FX		
Dollar Index	106.97	0.27
EUR/USD	1.0474	-0.66
GBP/USD	1.2589	-0.50
USD/JPY	154.54	-0.58
AUD/USD	0.6511	0.08
USD/CNH	7.2550	0.05
USD/MYR	4.4668	-0.10
USD/SGD	1.3464	0.25
Commodities		
WTI (\$/bbl)	70.10	1.79
Brent (\$/bbl)	74.23	1.95
Gold (\$/oz)	2,674.90	0.87
Copper (\$\$/MT)	9,008.50	-0.89
Aluminum(\$/MT)	2,631.50	-0.47
CPO (RM/tonne)	5,025.00	-0.56

Source: Bloomberg, HLBB Global Markets Research
*CPO dated as of 20 November

months prior. With this, apart from the temporary impact of hurricanes, the LEI continued to flag challenges to economic activity ahead, but not risks of recession.

- In the housing market, existing home sales increased more than expected by 3.4% m/m to 3.96m in October (prior: -1.3% m/m), as buyers took advantage of the dip in mortgage rates as well as increased inventory. As it is, recent indicators suggest that the downturn in home sales could be over, with a resilient labour market, continued economic growth as well as lower mortgage rates likely to provide some boost for housing demand. Data also showed that unsold inventory ticked down to 4.2 months of supply at the current sales pace, down from 4.3 months previously, while home prices continued to increase by 4.0% y/y to \$407.2k.
- Meanwhile, jobless claims fell more than expected to its 7-month low for the week ended November 16 (-6k to 213k vs -2k), suggesting that job growth likely rebounded in November after abruptly slowing last month amid hurricanes and strikes. It is, however, taking longer for the unemployed to find new work, with continuing claims jumping 36k to 1908k the week prior (Nov 2: -12k), suggesting softening demand for workers, but still resilient labour market.
- Regional indices were weak in November, with the Kansas City Fed Manufacturing Activity index better than expected but still negative at -2 (prior: -4), while the Philadelphia Fed Business Outlook index unexpectedly posting its second negative reading since January at -5.5 (prior: +10.3). On a positive note, expectations for future activity for both districts improved and were more widespread.

Eurozone's consumer confidence dipped to its 5-month low

- Consumer confidence deteriorated more than expected to -13.7 in November from -12.5 previously. The latest is the weakest reading in 5 months and below their long-term average, potentially weighing on consumer spending going forward. While no reason was provided for the dip in confidence, we attribute this to concerns over Trump's win in the bloc's economy, political instability within Europe as well as escalating geopolitical tension in the region.

UK's CBI orders improved but still below long-term average

- CBI trends total orders remained below "normal" but improved m/m to -19% in October (prior: -27%). As it is, many firms still need to work through the implications of the Budget for their hiring and investment plans, but it's an encouraging sign that output volumes are expected to return to growth in the quarter ahead.

Australia's PMI slid to its lowest YTD as services turned contractionary

- November's S&P Composite PMI slid to its lowest reading since January at 49.4 (prior: 50.2). While the manufacturing sector (49.4 vs 47.3) remained in contraction, it was the slowdown in services (49.6 vs 51.0) which dragged on the composite print. The downturn in composite were also dragged lower by the employment index, which fell below its long-run average, while selling prices eased as businesses remained cautious with raising prices, boding well for disinflationary trend and easing monetary policy in 2025.

Japan's price prints above 2%; core above expectation

- Both the headline and core inflation held above the BOJ's target and was above street estimate for the latter, although eased to 2.3% y/y in October (prior: 2.5% y/y and 2.4% y/y). Largely due to the downtick was energy price

due to base effect after the removal of government subsidies, and as such, there is no change in our view that the BOJ will further normalize its policy setting albeit gradually to support consumption.

Modest inflation for Hong Kong

- Inflation stayed modest in October, easing more than expected to 1.4% y/y from 2.2% y/y previously. The deceleration in prices were mainly due to the dissipation of the low base effect from the rates concession and the waiver of the extra public housing rent payable in 3Q of 2023. Moving forward, overall inflation should stay tame amid some mild upward pressures on domestic costs, while external price pressures are expected to ease further.

Singapore upgraded its 2024 GDP forecasts to 3.5% amid better-than-expected performance YTD

- Singapore upgraded its economic growth forecast for 2024 to around 3.5% from 2-3% previously, taking into the better-than-expected performance YTD, as well as the latest global and domestic situations and expects the economy to grow by between 1-3% in 2025. The latest forecasts come as 3Q GDP growth was lifted to 5.4% y/y, up from its initial estimate of 4.1% y/y and 2Q's +3.0% y/y. The final 3Q GDP also beat consensus forecasts, primarily driven by the manufacturing, wholesale trade and finance & insurance sectors, which were bolstered in part by the upturn in the global electronics cycle.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-108	105.78	105.51	103.40	102.37
EUR/USD	1.03-1.08	1.05	1.05	1.07	1.08
GBP/USD	1.26-1.29	1.28	1.28	1.31	1.32
USD/JPY	151-157	153	153	148	146
AUD/USD	0.63-0.68	0.65	0.66	0.67	0.68
USD/MYR	4.42-4.51	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
22-Nov	JN Jibun Bank Japan PMI Mfg (Nov P)	49.2
	JN Jibun Bank Japan PMI Services (Nov P)	49.7
	MA CPI YoY (Oct)	1.80%
	UK Retail Sales Inc Auto Fuel MoM (Oct)	0.30%
	MA Foreign Reserves	\$117.6b
	EC HCOB Eurozone Manufacturing PMI (Nov P)	46
	EC HCOB Eurozone Services PMI (Nov P)	51.6
	UK S&P Global UK Manufacturing PMI (Nov P)	49.9
	UK S&P Global UK Services PMI (Nov P)	52
	US S&P Global US Manufacturing PMI (Nov P)	48.5
	US S&P Global US Services PMI (Nov P)	55
	US U. of Mich. Sentiment (Nov F)	73
	US Kansas City Fed Services Activity (Nov)	5
25-Nov	SI CPI Core YoY (Oct)	2.80%

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US Chicago Fed Nat Activity Index (Oct)
US Dallas Fed Manf. Activity (Nov)

-0.28
-3

Source: Bloomberg

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