

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

## 24 Sep: Prelim Sep PMIs suggest slowing momentum

Muted markets amidst an escalation of Middle East geopolitical situation

Equities ended slightly higher; bond yields and DXY inched up

Preliminary PMIs disappoint in September, with Eurozone measure contracting

- Global equities were slightly higher to start the week on Monday, amidst a continued deterioration of the geopolitical situation in the Middle East. The three benchmark US equity indices registered small gains as the market digested comments from some Fed members post the FOMC, with Minneapolis Fed President Neel Kashkari signalling support for lowering rates by a further 50bps this year. The Dow eked out a 0.2% increase, while the S&P500 and NASDAQ rose 0.3% and 0.1% d/d respectively. European stocks closed mainly in the green while Asian equities were mixed for the day with Japanese markets shut for Autumnal Equinox day. Futures are pointing to stronger openings in Asian bourses this morning on comments from Fed officials in support of further easing, and optimism that China is poised to announce more stimulus measures.
- Trading in government bonds remained slightly better offered, with yields generally inching higher across the curve, except for the very front end of the maturity spectrum. UST yields rose 0-1bp across the curve in a slight steepening. 2-year UST yields were little changed for the day at 3.59% while 10-year bond yields added 1bp to 3.75%. European yields were lower for the day on the unexpected contraction in the preliminary Eurozone September composite PMI, whilst UK yields were mixed for the day in a steepening move.
- In the FX space, the Dollar Index inched higher to 100.85 as at Monday's close, up 0.1% for the day. The USD ended mixed against both the G10s and major Asian currencies. The Euro led losers against the USD (-0.5% to 1.1111) on the poor preliminary Eurozone September PMI numbers, while the Australian dollar gained the most against the greenback (+0.5% to 0.6838). Regional currencies were also mixed for the day, with the THB eking out a small 0.1% d/d gain against the USD while the PHP led decliners with a 0.5% fall. The MYR was little changed for the day against the greenback at 4.2030.
- On the commodity front, oil prices slid by between 0.8-2.2% d/d reflecting persistent concerns over weakened global demand despite the escalating conflict between Israel and Hezbollah in the Middle East. WTI fell by 2.2% d/d to \$70.37/ barrel while Brent ended 0.8% lower d/d at \$73.90/ barrel.

### Preliminary September PMIs point to slowing growth momentum

- US business activity expanded at a slower pace in September, amidst a deterioration of expectations and a rise in a gauge of prices received to a 6-month high. The preliminary S&P Global US Composite PMI inched lower to 54.4 in September after the 54.6 in August, as manufacturing contracted for

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,124.65	0.15
S&P 500	5,718.57	0.28
NASDAQ	17,974.27	0.14
Stoxx Eur 600	516.32	0.40
FTSE 100	8,259.71	0.36
Nikkei 225	37,723.91	1.53
CSI 300	3,212.76	0.37
Hang Seng	18,247.11	-0.06
Straits Times	3,638.54	0.38
KLCI 30	1,665.30	-0.21
<b>FX</b>		
Dollar Index	100.85	0.13
EUR/USD	1.1111	-0.46
GBP/USD	1.3347	0.20
USD/JPY	143.61	-0.17
AUD/USD	0.6838	0.46
USD/CNH	7.0604	0.26
USD/MYR	4.2030	-0.02
USD/SGD	1.2905	0.00
<b>Commodities</b>		
WTI (\$/bbl)	70.37	-2.16
Brent (\$/bbl)	73.90	-0.79
Gold (\$/oz)	2,628.60	0.24
Copper (\$\$/MT)	9,548.50	0.76
Aluminum(\$/MT)	2,494.50	0.38
CPO (RM/tonne)	4,027.50	0.19

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 20 Sep for CPO

a third month in a sharper slump, and the services sector expanded at a slower rate. The composite measure of orders growth slowed and employment contracted for a second month, while the survey's index of future output dropped to an almost 2-year low on growing concerns about the outlook for demand amidst uncertainty over the US presidential election.

- Eurozone economic activity eased in September, with the preliminary gauge of the Eurozone Composite PMI unexpectedly contracting for the first month in seven, with manufacturing seen contracting at a faster pace, while services growth slowed markedly. The composite PMI fell to 48.9 in the preliminary reading, versus the 51.0 seen in August and expectations of 50.5. The manufacturing gauged slowed further to 44.8 compared to 45.8 the month before, while the services index came in at 50.5 after the 52.9 seen in August, underscoring the deteriorating outlook for the Eurozone economy.
- The UK economy appears to have expanded at a slower pace in September, with the preliminary UK composite PMI registering a slower advance of 52.9 versus the 53.8 seen in August. The slower pace of growth was evident across both the manufacturing and services sector, with the former dipping to 51.5 from the 52.5 seen the previous month, while the latter registered a preliminary reading of 52.8 after the 53.7 in August.

#### **Singapore CPI surprised on the upside; expect status quo from MAS**

- CPI surprised on the upside in August but nonetheless marked its smallest increase since Apr-21, and will likely keep MAS on hold come its next policy review in October. Headline CPI moderated albeit less than expected to 2.2% y/y (Jul: +2.4% y/y), as a drop in car prices lowered transport costs (+0.2% vs +1.4% y/y). Core CPI also picked up more than expected to 2.7% y/y in August (Jul: +2.5% y/y) driven by services inflation. This was however well within the official forecast range of 2.5-3.5%, and ill justified the case for any policy easing at this juncture.

#### **Malaysia CPI surprised on the downside at 1.9% y/y in August; foreign reserves register further rise**

- Consumer prices increased at a slower pace for the first time since Oct-23, by 1.9% y/y in August, after holding steady at 2.0% y/y in the last three months. This reaffirmed the case of a still benign price environment despite the slew of policy-induced price adjustment since the beginning of the year. Six of the thirteen main categories reported slower inflation; five saw steady price gains and only two (alcoholic beverages & tobacco, and transport) registered faster inflation.
- There was little evidence of upward pressure on inflation after the adjustment in various subsidies recently, including the free-floating of diesel prices for Peninsular Malaysia. Relatively subdued global commodity prices following normalization in supply disruption condition coupled with lack of runaway demand-driven price pressure are expected to continue keep a lid on inflation outlook going forward.
- In a separate release, BNM foreign reserves rose \$0.8bn to \$117.6bn as at 13-Sept (end-Aug: \$116.8bn), its highest since Dec-14. The current level of reserves is sufficient to finance 5.5 months of retained imports and is 1.0x the short term external debt.

### House View and Forecasts

FX	This Week	3Q-24	4Q-24	1Q-25	2Q-25
DXY	99-102	102.41	100.87	99.86	98.86
EUR/USD	1.10-1.13	1.11	1.12	1.10	1.08
GBP/USD	1.31-1.34	1.29	1.30	1.30	1.29
USD/JPY	140-146	145	143	140	137
AUD/USD	0.66-0.69	0.66	0.66	0.67	0.68
USD/MYR	4.17-4.25	4.50	4.40	4.35	4.30
USD/SGD	1.28-1.31	1.33	1.32	1.30	1.28

Rates, %	Current	3Q-24	4Q-24	1Q-25	2Q-25
Fed	4.75-5.00	4.75-5.00	4.25-4.50	4.00-4.25	3.75-4.00
ECB	3.50	3.50	3.25	3.00	2.75
BOE	5.00	5.00	4.75	4.50	4.25
BOJ	0.25	0.25	0.25	0.40	0.40
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
24-Sep	JN Jibun Bank Japan PMI Mfg (Sep P)	49.8
	JN Jibun Bank Japan PMI Services (Sep P)	53.7
	AU RBA Cash Rate Target (45536)	4.35%
	US Philadelphia Fed Non-Manufacturing Activity (Sep)	-25.1
	US FHFA House Price Index MoM (Jul)	-0.10%
	US S&P CoreLogic CS 20-City YoY NSA (Jul)	6.47%
	US Conf. Board Consumer Confidence (Sep)	103.3
	US Richmond Fed Manufact. Index (Sep)	-19
	US Richmond Fed Business Conditions (Sep)	-13
25-Sep	JN PPI Services YoY (Aug)	2.80%
	CH 1-Yr Medium-Term Lending Facility Rate (43344)	2.30%
	AU CPI YoY (Aug)	3.50%
	AU CPI Trimmed Mean YoY (Aug)	3.80%
	JN Nationwide Dept Sales YoY (Aug)	5.50%
	US MBA Mortgage Applications (44075)	14.20%
US New Home Sales MoM (Aug)	10.60%	

Source: Bloomberg

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