

25 June 2024

Global Markets Research

Daily Market Highlights

25 June: Muted markets as investors await PCE inflation prints

Nvidia dragged on Wall Street; DXY fell amidst lower Treasury yields & dovish Fed speaks

Crude oil prices climbed amidst geopolitical tension; EU slapped new sanctions on Russian ships

UK manufacturers' outlook improved sharply; Singapore's CPI quickened on transport costs

- US equity markets continued its mixed trade, with a third-straight drop in Nvidia fuelling concerns that the tech rally maybe running out of steam. This weighed on a handful of other technology stocks like Super Micro Computer and Dell, sending Nasdaq and S&P500 lower between 0.3-1.1% d/d. Stocks outside of tech nonetheless, broadly gained, with nine of the eleven S&P sectors closing in the green and the Dow closing up 0.7% d/d.
- Elsewhere, Stoxx Eur 600 gained 0.7% d/d with auto stocks rallying after the EU and China agreed to start discussion on the proposed EV tariffs, while banking stocks were among the biggest gainers after Banque de France chief François Villeroy de Galhau said that French banks are “very solid” despite the election-driven sell-off. Asian markets mostly fell and are set to trade within narrow ranges ahead of the PCE prices.
- The Treasuries market was relatively quiet as traders awaited Friday's PCE as well as Fed speaks, and in the absence of 1st-tier economic data. Yields were down 1-3bps across the curve, with the 2Y closing at 4.72% and the 10Y at 4.23%. 10Y European bond yields closed mixed and within a narrow range of -2 to +1bps.
- DXY fell 0.3% d/d to 105.47, with the Dollar weakening against most G10 currencies amidst lower UST yields, gains in higher-yielding market currencies and dovish Fed speaks. Fed President Goolsbee said that it may be appropriate to start thinking whether the current policy is restrictive, while Fed President Daly said that the labour market is nearing an inflection point. Leading gains against USD were DKK, EUR and GBP, while regional currencies closed mixed against the Dollar. CNH and SGD appreciated between 0.1-0.2% d/d each, while MYR closed flattish at 4.7130.
- Crude oil prices climbed 0.9-1.1% d/d amidst a softer USD and resurfaced geopolitical tension. As it is, Russian blamed the US for a Ukrainian missile strike on Crimea. and warned of consequences for the attack. The EU also sanctioned 27 ships linked to Russia.

Manufacturing activity in the Dallas regions remains negative

- The Dallas Fed Manufacturing Activity index continued to worsen in June, though they were less negative at -15.1 (May: -19.4). Nonetheless, expectations regarding future manufacturing activity pushed up notably, with the future production index jumping 10 points, and the future general business activity index surging 16 points to 12.9, its highest reading since early 2022. Other indices of future manufacturing activity also rose, though expectations for employment and capital expenditures were slightly less positive.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	39,411.21	0.67
S&P 500	5,447.87	-0.31
NASDAQ	17,496.82	-1.09
Stoxx Eur 600	518.87	0.73
FTSE 100	8,281.55	0.53
Nikkei 225	38,804.65	0.54
CSI 300	3,476.81	-0.54
Hang Seng	18,027.71	0.00
Straits Times	3,314.14	0.25
KLCI 30	1,589.66	-0.04
FX		
Dollar Index	105.47	-0.31
EUR/USD	1.0733	0.37
GBP/USD	1.2686	0.32
USD/JPY	159.62	-0.11
AUD/USD	0.6657	0.24
USD/CNH	7.2832	-0.10
USD/MYR	4.7130	0.01
USD/SGD	1.3528	-0.15
Commodities		
WTI (\$/bbl)	81.63	1.11
Brent (\$/bbl)	86.01	0.90
Gold (\$/oz)	2,330.00	0.59
Copper (\$\$/MT)	9,661.00	-0.22
Aluminum(\$/MT)	2,503.00	-0.42
CPO (RM/tonne)	3,890.00	-1.99

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 21 June

UK manufacturers' outlook improved sharply but remained below average

- Although the CBI Trends Total Orders index remains below its long run average of -13%, it improved sharper than expected to -18% in May from -33% previously. Improved activity was, nonetheless, concentrated in a relatively small number of sub-sectors and export order books deteriorated sharply, suggesting a challenging economic environment although the recovery should broaden out over summer.

Japan's PPI Services unexpectedly slowed

- PPI-Services unexpectedly slowed to +2.5% y/y in May from a downwardly revised +2.7% y/y previously, largely underpinned by the deceleration in prices for machinery repair & maintenance, hotels, transportation and postal costs. As it is, services PPI remains an uptick as compared to an average of +2.3% in 1Q, suggesting that a steady progress has been made toward achieving the price stability target.

Singapore's headline CPI quickened on transport costs

- There were no surprises on the price prints, with headline accelerating to +3.1% y/y in May (Apr: +2.7% y/y) while core was stable at +3.1% y/y. The uptick in headline was driven by higher transportations costs, while an increase in services inflation was offset by lower electricity & gas and retail & other goods inflation for core. Despite upside risks to inflation for 2024, both headline and core inflation are projected to ease to 2.5–3.5% for the year, driven by lower labour costs, moderating imported inflation and services costs, the latter due to lower costs of overseas travel.

Malaysia's foreign reserves continued with its upward momentum

- As compared to end-May, foreign reserves rose a wider pace of \$0.5bn to \$114.1bn as at 15-June (2H of May: +\$0.3bn), sufficient to finance 5.5 months of imports of goods and services and is 1.0 times of the total short-term external debt.

House View and Forecasts

FX	This Week	2Q-24	3Q-24	4Q-24	1Q-25
DXY	104-107	105.43	105.56	103.45	101.38
EUR/USD	1.05-1.08	1.06	1.05	1.06	1.06
GBP/USD	1.25-1.28	1.24	1.22	1.23	1.24
USD/JPY	155-161	152	149	146	143
AUD/USD	0.65-0.68	0.65	0.65	0.65	0.66
USD/MYR	4.68-4.73	4.73	4.68	4.64	4.57
USD/SGD	1.34-1.37	1.35	1.35	1.34	1.33

Rates, %	Current	2Q-24	3Q-24	4Q-24	1Q-25
Fed	5.25-5.50	5.25-5.50	5.25-5.50	5.00-5.25	4.50-4.75
ECB	4.25	4.25	3.75	3.50	3.50
BOE	5.25	5.25	4.75	4.50	4.50
BOJ	0 - 0.10	0 - 0.10	0 - 0.10	0 - 0.10	0 - 0.10
RBA	4.35	4.35	4.35	4.10	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
25-June	AU Westpac Consumer Conf Index (Jun)	82.2
	MA CPI YoY (May)	1.80%
	HK Exports YoY (May)	11.90%

	US Philadelphia Fed Non-Manufacturing Activity (Jun)	-0.6
	US Chicago Fed Nat Activity Index (May)	-0.23
	US FHFA House Price Index MoM (Apr)	0.10%
	US S&P CoreLogic CS 20-City MoM SA (Apr)	0.33%
	US Conf. Board Consumer Confidence (Jun)	102
	US Richmond Fed Manufact. Index (Jun)	0
	US Richmond Fed Business Conditions (Jun)	-9
	US Dallas Fed Services Activity (Jun)	-12.1
26-June	AU Westpac Leading Index MoM (May)	-0.03%
	AU CPI YoY (May)	3.60%
	SI Industrial Production SA MoM (May)	7.10%
	UK CBI Retailing Reported Sales (Jun)	8
	US MBA Mortgage Applications	0.90%
	US New Home Sales MoM (May)	-4.70%

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global
Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

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