

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

## 25 Nov: EUR weakened to a 2-year low against the USD

**DXY, front-end UST yields rose amid stronger US PMI; consumer sentiment revised lower  
EUR & GBP weakened; 10Y bond yields plunged amid faltering PMIs for Eurozone & UK  
Malaysia's CPI recorded its first uptick in 6 months; still benign inflationary outlook**

- The Dow closed up 1.0% d/d to a new record on Friday, capping off a winning week for equities. The S&P 500 also added 0.4% d/d while gains in Nasdaq (+0.2% d/d) were capped by slides in Nvidia and Alphabet shares. As it is, investors were watching out for the “bitcoin \$100k” level, while industrials and small caps also outperformed in anticipation of business-friendly measures from Trump as well as on sturdy PMI data from the US.
- In Europe, Stoxx Eur 600 and FTSE 100 closed 1.2-1.4% d/d higher as weaker than expected PMI prints from the region supported expectations for central bank rate cuts and saw 10Y government bond yields sliding in tune to 2-8bps. Similarly, Asian stocks mostly rose, although China's stocks faltered, weighed down by tech stocks like Baidu and Alibaba.
- In the Treasury market, front-end Treasuries underperformed in a flattening trade following the better-than-expected US PMI. The 2Y yield rose 2bps to 4.37%, but the 10Y fell 2bps to 4.40%.
- In the forex space, DXY tested 108.07 before closing at 107.55 (+0.5% d/d) as signs of escalation of war between Ukraine-Russia fuelled demand for some haven assets like USD. The Dollar also benefited from a better-than-expected PMI in the US as compared to its G10 peers. Save for the SEK, all G10 currencies weakened against USD. Notably, GBP (-0.5% d/d to 1.2530) and EUR (-0.5% d/d to 1.0418) depreciated to their lowest against USD since May 2024 and November 2022 respectively following the release of their weak S&P PMIs. Regional currencies closed mixed against the Dollar, with CNH, MYR and SGD depreciating by less than 0.1% d/d each to close at 7.2597, 4.4700 and 1.3467 respectively.
- Oil prices gained more than 1.0% d/d as the geopolitical tension intensified from Russia to Iran, the latter after Iran said that it will increase its nuclear making capacity after it was censured by the UN's International Atomic Energy Agency.

### Gloomy PMIs for the Eurozone, UK and Japan; positive for US

- The US S&P Composite PMI made a marked upturn to its 31-month high of 55.3 in November (prior: 54.1). The print was better than expected, buoyed by the sharpest rise in demand in 2.5 years and improved business confidence. Again, growth was services-led (57.0 vs 55.0), but rising optimism and renewed hiring in manufacturing (48.8 vs 48.5) suggests that the upturn may broaden in the coming months.
- In the Eurozone, the manufacturing sector sank deeper into contraction at 45.2 in November from 46.0 previously, while the services sector took an unexpected dive to 49.2 from 51.6 previously. Despite hopes that higher wages would boost consumption, the latest suggests that an economic

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,296.51	0.97
S&P 500	5,969.34	0.35
NASDAQ	19,003.65	0.16
Stoxx Eur 600	508.47	1.18
FTSE 100	8,262.08	1.38
Nikkei 225	38,283.85	0.68
CSI 300	3,865.70	-3.10
Hang Seng	19,229.97	-1.89
Straits Times	3,746.02	0.18
KLCI 30	1,589.78	0.07
<b>FX</b>		
Dollar Index	107.55	0.54
EUR/USD	1.0418	-0.53
GBP/USD	1.2530	-0.47
USD/JPY	154.78	0.16
AUD/USD	0.6501	-0.15
USD/CNH	7.2597	0.06
USD/MYR	4.4700	0.07
USD/SGD	1.3467	0.02
<b>Commodities</b>		
WTI (\$/bbl)	71.24	1.63
Brent (\$/bbl)	75.17	1.27
Gold (\$/oz)	2,712.20	1.39
Copper (\$\$/MT)	8,968.00	-0.45
Aluminum(\$/MT)	2,624.00	-0.29
CPO (RM/tonne)	4,877.50	-2.94

Source: Bloomberg, HLBB Global Markets Research  
\*CPO dated as of 21 November

recovery is unlikely soon, especially in view of the political mess in the bloc's largest economies as well as caution after Trump's win.

- The S&P UK Composite PMI fell more than expected to 49.9 in November from 51.8 previously. Growth in the services sector stalled (50.0 vs 52.0), while manufacturers recorded its fastest decline since February at 48.6 (prior: 49.9). These suggest the possibility of a modest economic downturn during the month, accompanied by deepening concern about prospects for the year ahead, the latter weighed down by geopolitical concerns as well as disappointment due to the policies announced in the Budget.
- In Japan, business activity remained contractionary for the second month running, with the composite PMI up only slightly to 49.8 in November from 49.6 previously. The services sector recorded a mild expansion (50.2 vs 49.7), while manufacturers (49.0 vs 49.2) saw its worst contraction since April. All in, this suggests that the economy was stagnant in 4Q but with price pressures elevated and employment indicators still strong, this suggests that the BOJ will mostly remain on a tightening cycle going forward.

#### **US consumer sentiment revised down as post-election sentiment dips**

- The final University of Michigan Consumer Sentiment index was unexpectedly revised down 1.2ppts to 71.8 in November (prior: 70.5). Although still up 4 consecutive months, post-election interviews were below the pre-election reading amid uncertainty over Trump's economic agenda. Year-ahead inflation expectations also fell 0.1ppt ppts to 2.6%, its lowest since December 2020 but long-run inflation expectations rose 0.2ppts to 3.2%.
- The Kansas City Fed Services Activity index improved to 9 in November, up from 5 in October and -2 in September. This suggests that the services sector grew moderately during the month, led by consumer-oriented industries like autos and retail. Expectations for future activity stayed positive, but input price growth continues to outpace selling prices, constraining profit margins.

#### **Budget anxiety weighed on consumer spending for the UK**

- Consumer caution ahead of the Autumn Budget saw retail sales falling more than expected by 0.7% m/m in October from +0.1% m/m previously. The decline was broad-based save for automotive fuel and household goods, and led by a sharp drop in clothing sales. As it is, consumers have started to shake off these budget anxieties, with the GfK Consumer Confidence Index unexpectedly improving to -18 in November, its highest since August and up from -21 in October. With this, and improved real wage growth, these should support spending moving forward.

#### **Malaysia's CPI recorded its first uptick in 6 months; no change to our view for benign inflationary outlook and extended OPR pause view**

- Consumer prices edged up for the first time in six months, by 0.1ppt to 1.9% y/y in October (Sept: +1.8% y/y), just a tad higher than market expectation for a steady print but in line with our estimate driven by food & beverages as well as personal care, social protection & miscellaneous goods. Core CPI stabilized at 1.8% y/y, its lowest in seven months, while services CPI nudged marginally higher to 2.2% y/y in October (Sept: +2.1% y/y).
- Despite the renewed uptick in headline CPI for the first month in six, there was no evidence to suggest that inflation is reaccelerating again. Underlying details including the stable core CPI and broadly stable price gains from the eleven main groups, all pointed to very benign price pressure in the system. This allowed us to maintain our full year CPI forecast at 1.9% for 2024 and 2-3% for 2025, much dependent on the timing and implementation of RON95

subsidy retargeting. Upside risks still prevail, subject to the extent of spillover effects from domestic policy measures, global commodity prices, financial market developments and uncertainties surrounding President-elect Trump's inflationary policies.

- Meanwhile, foreign reserves rose \$0.4bn in 1H of the month to \$118.0bn as at 15-November, a turnaround from -\$2.0bn in 2H of October. The reserves position is sufficient to finance 4.6 months of imports of goods and services and is 0.9 times of the total short-term external debt.

### House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	105-109	105.78	105.51	103.40	102.37
EUR/USD	1.03-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.24-1.28	1.28	1.28	1.31	1.32
USD/JPY	151-157	153	153	148	146
AUD/USD	0.64-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.42-4.50	4.40	4.40	4.30	4.26
USD/SGD	1.33-1.36	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
25-Nov	SI CPI Core YoY (Oct)	2.80%
	US Chicago Fed Nat Activity Index (Oct)	-0.28
	US Dallas Fed Manf. Activity (Nov)	-3
26-Nov	SI Industrial Production SA MoM (Oct)	0.00%
	HK Exports YoY (Oct)	4.70%
	UK CBI Retailing Reported Sales (Nov)	-6
	US Philadelphia Fed Non-Manufacturing Activity (Nov)	6
	US FHFA House Price Index MoM (Sep)	0.30%
	US S&P CoreLogic CS US HPI YoY NSA (Sep)	4.25%
	US New Home Sales MoM (Oct)	4.10%
	US Conf. Board Consumer Confidence (Nov)	108.7
	US Richmond Fed Manufact. Index (Nov)	-14
	US Richmond Fed Business Conditions (Nov)	-4
	US Dallas Fed Services Activity (Nov)	2
US FOMC Meeting Minutes		

Source: Bloomberg

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