

Global Markets Research
Daily Market Highlights

26 Nov: All eyes on FOMC meeting minutes today

Trump's Treasury Secretary nomination sent cheers to Wall Street; USD weakened

PBoC maintained 1Y MLF rate as the economy stabilized; CNH strengthened

Softest core CPI for Singapore in 3 years; Japan's services PPI unexpectedly accelerated

- Trump's pick of Scott Bessent for Treasury Secretary not only lifted sentiment for Asian and US equities but also prompted a rally in Treasuries overnight. The three major US stock indices closed up 0.3-1.0% d/d, with the Dow closing at a fresh record close and both the Dow and S&P 500 hitting their all-time highs in the session. Gains were broad-based as Bessent is viewed by investors as a safe and steadying hand in the administration with his 3-3-3 plan - cutting the budget deficit to 3% of GDP, boosting GDP growth to 3% and increasing oil production by 3mb/d.
- In Europe, Stoxx Eur 600 erased early gains after Germany's business sentiment index was more subdued than expected. Still, the broad index closed slightly higher by 0.1% d/d with miners leading gains for the index. Shares of UniCredit fell after the Italian lender offered to buy rival Banco BPM for €10bn.
- In the bond space, Treasury yields retreated 10-13bps in a curve flattener on expectations that inflation will be contained with Bessent's nomination. The 2Y yield fell 10bps to 4.27% while the 10Y slid 13bps to 4.27%. In Europe, 10Y sovereign bond yields also fell another 2-8bps during the day.
- In the forex space, the DXY continued to flirt with the 107-handle but closed the day down 0.7% d/d at 106.82, tracking the sharp decline in UST yields and the Dollar weakened against all its G10 peers save for the CAD and NOK, as well as against most regional currencies. Leading gains against USD were CHF, EUR and DKK (+0.7-0.9% d/d) amongst G10, and KRW, MYR (+0.4% d/d to 4.4515) and TWD amongst regionals. SGD and CNH also strengthened in tune to 0.1-0.2% d/d against the Dollar.
- In the commodity space, oil prices plunged around 3.0% d/d on reports of an Israel-Hezbollah ceasefire, cooling geopolitical tensions.

PBoC maintained 1Y MLF rate unchanged at 2.00%

- The People's Bank of China (PBOC) held the 1Y medium-term lending facility (MLF) rate steady at 2.00% and offered 900bn yuan of policy loans via the tool. The decision was within expectation after economic data showed some glimpses of stabilisation recently and also reflects the central bank's gradual shift to use the 7-day reverse repurchase agreements to influence the market borrowing costs more effectively and other liquidity tools like the RRR to manage liquidity in the banking system.

Negative and worse than expected Fed regional indices

- Fed regional indices were worse than expected in the US. The Chicago Fed National Activity Index worsened to -0.40 in October from -0.27 previously with all four sub-categories making negative contributions during the month.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,736.57	0.99
S&P 500	5,987.37	0.30
NASDAQ	19,054.84	0.27
Stoxx Eur 600	508.78	0.06
FTSE 100	8,291.68	0.36
Nikkei 225	38,780.14	1.30
CSI 300	3,848.09	-0.46
Hang Seng	19,150.99	-0.41
Straits Times	3,731.39	-0.39
KLCI 30	1,597.45	0.48
FX		
Dollar Index	106.82	-0.69
EUR/USD	1.0495	0.74
GBP/USD	1.2568	0.30
USD/JPY	154.23	-0.36
AUD/USD	0.6504	0.05
USD/CNH	7.2468	-0.18
USD/MYR	4.4515	-0.41
USD/SGD	1.3459	-0.06
Commodities		
WTI (\$/bbl)	68.94	-3.23
Brent (\$/bbl)	73.01	-2.87
Gold (\$/oz)	2,618.50	-3.45
Copper (\$\$/MT)	9,045.50	0.86
Aluminum(\$/MT)	2,652.00	1.07
CPO (RM/tonne)	4,872.00	-0.11

Source: Bloomberg, HLBB Global Markets Research
*CPO dated as of 22 November

The Dallas Fed Manufacturing Activity index was largely unchanged at -2.7 in November (prior: -3.0), although the company outlook index turned positive for the first time since early 2022 and expectations are for increased manufacturing activity six months from now.

Japan's services PPI unexpectedly picked up on transport costs

- Data this morning showed that service producer price (PPI) inflation unexpectedly accelerated to 2.9% y/y in October from 2.8% y/y previously, supporting views of tighter monetary policy in 2025. Largely driving prices up during the month was other services as well as transportation & postal services, while prices for information & communications, advertising as well as real-estate related services also increased.

Lowest core inflation since 2021 for Singapore; MAS expects core to average 2.5–3.0% in 2024 and ease to 1.5–2.5% in 2025

- Inflation came in lower than expected in October, with headline and core easing to 1.4% y/y and 2.1% y/y in October (prior: 2.0% y/y and 2.8% y/y). Deceleration was broad-based but driven by slower accommodation inflation and a steeper decline in private transport costs for the former and services, electricity & gas and retail & other goods inflation for the latter.
- Moving forward, core inflation is expected to remain at around 2.0% through to end-2024, averaging 2.5–3.0% in 2024 as a whole before stepping down further to 1.5–2.5% in 2025, the latter as slower accommodation costs offset an anticipated pickup in private transport inflation due to firm demand for cars. Risks to the inflation outlook are also relatively balanced, with upside risks stemming from slower easing in unit labour cost growth and an intensification of geopolitical tensions which may lead to higher commodity prices, and downside risk from a downturn in the global economy, which could result in easing of cost and price pressures.

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
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
27-Nov	US FOMC Meeting Minutes	
	AU CPI Trimmed Mean YoY (Oct)	3.20%
	CH Industrial Profits YTD YoY (Oct)	-3.50%
	US MBA Mortgage Applications	1.70%
	US GDP Annualized QoQ (3Q S)	2.80%
	US Advance Goods Trade Balance (Oct)	-\$108.2b
	US Durable Goods Orders (Oct P)	-0.70%
	US Cap Goods Orders Nondef Ex Air (Oct P)	0.70%
	US Initial Jobless Claims	213k
	US Personal Income (Oct)	0.30%
	US Personal Spending (Oct)	0.50%
	US Core PCE Price Index YoY (Oct)	2.70%
	US Pending Home Sales MoM (Oct)	7.40%

Source: Bloomberg

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