

29 August 2024

Global Markets Research

Daily Market Highlights

29 Aug: Jittery over Nvidia sent Wall Street tumbling

UST yields slightly higher as traders await key data; USD strengthened against G10 peers

Slight rebound in US mortgage applications as rates eased to its lowest since April 2023

AUD weakened after Australia's inflation eased less than expected; RBA to maintain rates

- A sell-off in technology stocks amid jittery over Nvidia's results and sustainability of the AI boom sent the three major US equity indices sliding 0.4%-1.1% overnight. Nvidia shares fell 2.1% d/d ahead of its results, but reported 2Q profit and sales that more than doubled from a year ago after the bell, sales forecast that disappointed and disclosed snag to its new Blackwell chip. Outside of tech, most other sectors also traded underwater, led by weaknesses in both consumer discretionary and staple stocks.
- In Europe, Stoxx Eur 600 hovered near its 6-week high and closed up 0.3% d/d. Most major regional bourses and sectors traded in the green, led by chemicals and insurance stocks. In Asia, markets mostly fell and are expected to extend its downward trend today.
- Treasuries traded weaker as investors await key data ahead of the September 18 Fed rate cut (our expectation: -25bps). Both the benchmark 2Y and 10Y yields rose 1bps each to 3.87% and 3.84% respectively. In Europe, 10Y sovereign bond yields fell between 1-4bps save for the Swedish and UK bonds.
- In the forex market, DXY bounced back up 0.5% d/d to 101.09 and the Dollar strengthened against all its G10 peers. EUR was the worst performer amongst G10 after weakening by 0.6% d/d, while GBP and JPY depreciated by 0.5% d/d and 0.4% d/d respectively. Deputy Governor Ryozi Himino reiterated that the Bank of Japan will adjust its policy if economic confidence continues to grow, but added that the bank will also examine the impact of recent market developments and the July rate hike. AUD weakened mildly by 0.1% d/d after its inflation cooled, albeit by less than forecasts. On the regional front, Asian currencies closed mixed against the Dollar with CNH and SGD weakening by 0.2% d/d each but MYR strengthened 0.1% d/d to 4.3443.
- Crude oil prices slipped for a second day by 1.1-1.3% d/d amid bearish undertones for demand, especially from China and at the end of the summer driving season. Still, disrupted supply from Libya and tight US crude inventories kept prices well supported. Overnight, the Energy Information Administration reported that stockpiles shrank by 846k last week.

Slight rebound in US mortgage applications at +0.5% w/w

- Supported by the lowest mortgage rates since April 2023 at 6.44% (30Y), mortgage applications rebounded slightly by 0.5% w/w for the week ended August 23 (prior: -10.1% w/w). The uptick was driven by marginally stronger purchase activity, while refinance applications were essentially unchanged. As it is, prospective homebuyers remain patient on the sideline with rates moving lower and as inventory started to increase.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	41,091.42	-0.39
S&P 500	5,592.18	-0.60
NASDAQ	17,556.03	-1.12
Stoxx Eur 600	520.60	0.33
FTSE 100	8,343.85	-0.02
Nikkei 225	38,371.76	0.22
CSI 300	3,286.50	-0.57
Hang Seng	17,692.45	-1.02
Straits Times	3,391.03	-0.22
KLCI 30	1,675.24	1.39
FX		
Dollar Index	101.09	0.54
EUR/USD	1.1120	-0.57
GBP/USD	1.3191	-0.53
USD/JPY	144.59	0.44
AUD/USD	0.6785	-0.12
USD/CNH	7.1329	0.16
USD/MYR	4.3443	-0.09
USD/SGD	1.3035	0.18
Commodities		
WTI (\$/bbl)	74.52	-1.34
Brent (\$/bbl)	78.65	-1.13
Gold (\$/oz)	2,501.00	-0.60
Copper (\$\$/MT)	9,260.50	-1.98
Aluminum(\$/MT)	2,496.00	-2.10
CPO (RM/tonne)	4,026.00	0.02

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 27 Aug for CPO

Australia's inflation eased less than expected to 3.5% in July; RBA likely to maintain rates in 2024

- Consumer inflation eased less than expected to 3.5% y/y in July from 3.8% y/y previously, its lowest since March as energy bills shrank 5.1% y/y after the government rebates kicked in. Transport and housing costs also eased, albeit still elevated for the latter due to a tight rental market, while costs for food & non-alcoholic beverages as well as alcohol & tobacco accelerated. With underlying inflation, which strips off volatile price changes in fuel, fruit & vegetables and travels, firmly on the downward trajectory at 3.7% y/y (prior: 4.0% y/y), there is thus no change in our view for a status quoin RBA cash rates for the rest of 2024.

House View and Forecasts

FX	This Week	3Q-24	4Q-24	1Q-25	2Q-25
DXY	100-103	102.41	100.87	99.86	98.86
EUR/USD	1.09-1.13	1.11	1.12	1.10	1.08
GBP/USD	1.29-1.33	1.29	1.30	1.30	1.29
USD/JPY	143-150	145	143	140	137
AUD/USD	0.65-0.69	0.66	0.66	0.67	0.68
USD/MYR	4.34-4.42	4.50	4.40	4.35	4.30
USD/SGD	1.30-1.33	1.33	1.32	1.30	1.28

Rates, %	Current	3Q-24	4Q-24	1Q-25	2Q-25
Fed	5.25-5.50	5.00-5.25	4.50-4.75	4.25-4.50	4.00-4.25
ECB	3.75	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
29-Aug	AU Private Capital Expenditure (2Q)	1.00%
	JN Consumer Confidence Index (Aug)	36.7
	EC Economic Confidence (Aug)	95.8
	US GDP Annualized QoQ (2Q.S)	2.80%
	US Advance Goods Trade Balance (Jul)	-\$96.8b
	US Initial Jobless Claims	232k
	US Pending Home Sales MoM (Jul)	4.80%
30-Aug	UK Lloyds Business Barometer (Aug)	50
	JN Jobless Rate (Jul)	2.50%
	JN Tokyo CPI YoY (Aug)	2.20%
	JN Industrial Production MoM (Jul P)	-4.20%
	JN Retail Sales MoM (Jul)	0.60%
	AU Private Sector Credit MoM (Jul)	0.60%
	HK Retail Sales Value YoY (Jul)	-9.70%
	UK Mortgage Approvals (Jul)	60.0k
	EC CPI Estimate YoY (Aug)	2.60%
	EC Unemployment Rate (Jul)	6.50%
	US Personal Income (Jul)	0.20%
	US Personal Spending (Jul)	0.30%
	US Core PCE Price Index YoY (Jul)	2.60%
	US MNI Chicago PMI (Aug)	45.3
	US U. of Mich. Sentiment (Aug F)	67.8

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

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.