

6 January 2025

Global Markets Research

Daily Market Highlights

6 Jan: All eyes on FOMC minutes and US job prints this week

US equities ended recent streak of losses and advanced; led by tech stocks

UST yields climbed 3-4bps higher spurred by surprised uptick in ISM manufacturing

DXY consolidated and closed slightly below 109s; USDMYR surged above 4.50

- US equities finally advanced, ending its recent back-to-back losses. The three benchmark US stock indices rallied 0.8-1.8% d/d, led by tech stocks such as Nvidia, Tesla and Alphabet, but still not enough to reverse the losses for the week. On a weekly basis, the three benchmark stock indices lost 0.5-0.6% w/w. On the contrary, European stocks were under selling pressure after recent rally, with the FTSE100 and DAX losing grounds by 0.4-0.6% on the day. Meanwhile, Asian equities continued to trade on a mixed note, with a rebound in Hang Seng, while Nikkei, CSI300 and KLCI remained in the red. Futures are pointing to another mixed start in the Asian bourses this morning.
- US treasuries came under some selling pressure after ISM manufacturing registered an unexpected uptick to 49.3 in December and reinforced expectations that the Fed could be patient in cutting rates. Market is currently pricing in a total of 39bps cut in 2025, of which a full 25bps cut is expected only in June. Benchmark UST yields ticked higher by 3-4bps across the curve as a result. The 2-year and 10-year note yield each rose 4bps to 4.28% and 4.60% respectively.
- On the FX front, the DXY consolidated from recent gains, closing last Friday slightly lower by 0.3% at 108.92. EUR rebounded by 0.4% d/d to 1.0308 while the sterling rebounded 0.4% on the day to 1.2423 against the USD. The JPY appreciated 0.2% to 157.26 vs the greenback while the AUD hanged on to the 0.62s levels. In the Asian FX space, the SGD ended rather flattish at 1.3702 while the MYR pushed over to the 4.50 psychological level, last closed at 4.5002.
- On the commodity front, global crude oil prices continued nudging higher as President Biden is set to order a ban on new offshore oil and gas development across some US coastal territory. Brent crude last settled 0.9% d/d higher at \$76.69/ barrel last Friday while WTI ended the day 1.3% higher at \$74.07/ barrel.

US ISM manufacturing unexpectedly rose to 49.3 in December but remained contractionary

- ISM manufacturing climbed 0.9ppt higher to 49.3 in December (Nov: 48.4), against expectation for a slight pullback to 48.2 and marked its best reading in nine months. Contrary to S&P Global PMI manufacturing, the ISM survey revealed broad improvement across key components namely new orders (52.5 vs 50.4), and production (50.3 vs 46.8). This was however negated by bigger contraction in the employment index (45.3 vs 48.1), a sign that companies were not hiring in another sign of a softening job market that would still keep the Fed on an easing path.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,732.13	0.80
S&P 500	5,942.47	1.26
NASDAQ	19,621.68	1.77
Stoxx Eur 600	508.19	-0.49
FTSE 100	8,223.98	-0.44
Nikkei 225	39,894.54	-0.96
CSI 300	3,775.17	-1.18
Hang Seng	19,760.27	0.70
Straits Times	3,801.83	0.03
KLCI 30	1,629.46	-0.21
FX		
Dollar Index	108.92	-0.30
EUR/USD	1.0308	0.42
GBP/USD	1.2423	0.35
USD/JPY	157.26	-0.15
AUD/USD	0.6216	0.21
USD/CNH	7.3583	0.25
USD/MYR	4.5002	0.49
USD/SGD	1.3702	-0.02
Commodities		
WTI (\$/bbl)	74.07	1.30
Brent (\$/bbl)	76.69	0.97
Gold (\$/oz)	2,652.70	-0.69
Copper (\$\$/MT)	8,893.50	1.05
Aluminum(\$/MT)	2,494.00	-1.38
CPO (RM/tonne)	4,819.00	-2.05

Source: Bloomberg, HLBB Global Markets Research
* CPO dated as of 2 Jan

UK mortgage approvals and net consumer credit disappointed amid growth headwinds

- Mortgage approval unexpectedly fell to 65.7k in November (Oct: 68.1k revised), its lowest since August. Higher mortgage rates following the Labour Party's stimulative spending measures on the 30-Oct Budget spurred slower BOE rate cuts, is believed to have dampened home buyers' interests, adding more woes to the already fragile UK economy.
- Net consumer credit increased at its smallest pace since mid-2022, by 6.6% y/y in November (Oct: +7.3% y/y). On a month-on-month absolute basis, net consumer credit rose a mere £0.9bn in November (Oct: +£1.0bn revised), defying expectations of a bigger increase of £1.2bn. Sluggish consumer spending amid lingering growth headwinds will continue to cloud growth in the final quarter of the year, after growth stagnated q/q in 3Q.

Australia PMI services edged up in December but contraction in employment subindex a concern

- The final print of PMI services ticked up to 50.8 in December (Nov: 50.5), and better than the preliminary print of 50.4. This marked its 11th straight month of expansion and reaffirmed the case of continued resiliency in the services sector. That said, the employment component slipped into contraction territory (49.3 vs 51.8), and to its lowest since Aug-21, heightening worries of a softening labour market.

Surprised decline in Singapore retail sales signalled increased headwinds going forward

- Retail sales unexpectedly fell 0.7% y/y in November (Oct: +2.4% y/y upwardly revised) while sales ex-auto also contracted 1.4% y/y (Oct: +0.5% y/y). This implied weaker sales in other non-auto categories too which signalled moderating consumption. Evidently, Sales at department stores, mini-marts, petrol stations, wearing apparel & footwear, computer & telecom equipment saw extended declines, while sales at supermarkets & hypermarkets, furniture & household equipment, watches & jewelry, as well as motor vehicles slowed. Prospect of softening consumption could exert added risks to overall growth outlook in 2025 especially in the wake of rising uncertainties on the external front.

House View and Forecasts

FX	This Week	4Q-24 Act	1Q-25	2Q-25	3Q-25
DXY	108-111	108.48	105.51	103.40	102.37
EUR/USD	1.01-1.04	1.03	1.05	1.07	1.08
GBP/USD	1.22-1.25	1.25	1.28	1.31	1.32
USD/JPY	153-160	157	153	148	146
AUD/USD	0.61-0.64	0.62	0.66	0.67	0.68
USD/MYR	4.45-4.51	4.47	4.40	4.30	4.26
USD/SGD	1.35-1.38	1.37	1.33	1.31	1.29

Rates, %	Current	4Q-24 Act	1Q-25	2Q-25	3Q-25
Fed	4.25-4.50	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
ECB	3.00	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
6-Jan	HK S&P Global Hong Kong PMI (Dec)	51.2
	SI S&P Global Singapore PMI (Dec)	53.9
	JN Jibun Bank Japan PMI Services (Dec F)	51.4
	CH Caixin China PMI Services (Dec)	51.5
	VN GDP YoY (4Q)	7.40%
	VN CPI YoY (Dec)	2.77%
	VN Exports YoY (Dec)	8.20%
	VN Industrial Production YoY (Dec)	8.90%
	VN Retail Sales YoY (Dec)	8.80%
	EC HCOB Eurozone Services PMI (Dec F)	51.4
	EC Sentix Investor Confidence (Jan)	-17.5
	UK S&P Global UK Services PMI (Dec F)	51.4
	US S&P Global US Services PMI (Dec F)	58.5
	US Factory Orders (Nov)	0.20%
US Durable Goods Orders (Nov F)	-1.10%	
7-Jan	AU Building Approvals MoM (Nov)	4.20%
	EC ECB 1 Year CPI Expectations (Nov)	2.50%
	EC ECB 3 Year CPI Expectations (Nov)	2.10%
	UK S&P Global UK Construction PMI (Dec)	55.2
	EC CPI Estimate YoY (Dec P)	2.20%
	EC CPI Core YoY (Dec P)	2.70%
	EC Unemployment Rate (Nov)	6.30%
	US Trade Balance (Nov)	-\$73.8b
	US JOLTS Job Openings (Nov)	7744k
	US ISM Services Index (Dec)	52.1

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@hibb.hongleong.com.my

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