

10 January 2025

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

## 10 Jan: All eyes on the US nonfarm payroll data today

**Global bond markets stabilized; GBP led losses against USD again overnight**

**Biggest job cuts since 2020 in the US; more layoffs and slower hiring expected for 2025**

**China's inflation slowed as domestic demand remains weak; stoking deflation worries**

- The US equity markets were closed for former President Jimmy Carter's memorial but in Europe, Stoxx 600 index closed up 0.4% d/d with mining stocks leading gains while retailers fell. Auto stocks also took a beating after China concluded its probe on EU's Foreign Subsidies Regulation, saying that it's a barrier to trade and investment, paving the way for possible retaliation. Asian markets tumbled in a choppy session, with China's entrenched consumer disinflation denting sentiment and are poised for a muted open today ahead of the US non-farm payroll.
- In a shortened trading day, US treasury yields closed mostly lower by 0-2bps, with the 2Y yield settling at 4.26% (-2bps) while the 10Y yield closed flattish at 4.69%. In Europe, 10Y bond yields closed mostly higher between 1-4bps (prior: 2-11bps) save for the Swedish and Norwegian sovereign bonds. Yields to the UK gilts stabilized between -1 to +2bps after its sell-off the prior few days on fiscal sustainability concern.
- In the forex space, DXY extended its gain, albeit at a more modest pace of +0.1% d/d to 109.18, and the Dollar strengthened against all its G10 peers save for the JPY (+0.1% d/d) and NOK (+0.1% d/d). Again, GBP led losses against the greenback, sliding to as low as 1.2239 before rebounding to close at 1.2308 (-0.4% d/d), its lowest in more than a year as the gilt pain continues. AUD slipped to as low as 0.6172 against USD after its weaker than expected retail sales print, before shedding some of these losses to close at 0.6196 (-0.3% d/d). Similarly, the Dollar also appreciated against most regional currencies save for the KRW and MYR, the latter just eking out minute gains to 4.5027 vs the USD. SGD and CNH however weakened marginally to 1.3683 and 7.3561 respectively.
- Oil prices rose 0.8-1.0% d/d as cold weather continued to grip parts of US and Europe, boosting winter fuel demand and sending US crude stockpiles to its lowest since 2014. Nonetheless, further signs of China's economic weakness continued to put a lid on these price gains.

**US job cuts fell m/m and grew at a slower pace in December; slower hiring and more layoffs expected in the short-term for selected industries**

- The Challenger Report showed that that job cuts totalled 38.8k in December, a 32.8% m/m decline but a 11.4% y/y increase (prior: +3.8% m/m and +26.8% y/y), bringing full year job cuts up a whopping 5.5% y/y to 761.4k. Except for 2020, this is the highest since 2009, largely due to technological advancement and shifting economic conditions. Moving forward, most employers expect additional uncertainty with the upcoming administration and expect slower hiring and more layoffs in the short-term for various sectors.

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,635.20	0.25
S&P 500	5,918.25	0.16
NASDAQ	19,478.88	-0.06
Stoxx Eur 600	515.84	0.42
FTSE 100	8,319.69	0.83
Nikkei 225	39,605.09	-0.94
CSI 300	3,779.88	-0.25
Hang Seng	19,240.89	-0.20
Straits Times	3,862.60	-0.63
KLCI 30	1,600.81	-0.87
<b>FX</b>		
Dollar Index	109.18	0.08
EUR/USD	1.0300	-0.17
GBP/USD	1.2308	-0.44
USD/JPY	158.14	-0.13
AUD/USD	0.6196	-0.32
USD/CNH	7.3561	0.03
USD/MYR	4.5027	-0.01
USD/SGD	1.3683	0.03
<b>Commodities</b>		
WTI (\$/bbl)	73.92	0.82
Brent (\$/bbl)	76.92	1.00
Gold (\$/oz)	2,690.80	0.69
Copper (\$\$/MT)	9,078.50	0.52
Aluminum(\$/MT)	2,539.00	1.62
CPO (RM/tonne)	4,702.50	-0.27

Source: Bloomberg, HLBB Global Markets Research  
 \* Dow Jones, S&P 500, Nasdaq, CPO dated as of 8 Jan

#### **Eurozone retail sales rebounded, below forecasts and primarily due to automotive fuel**

- Retail sales edged up by +0.1% m/m in November (prior: -0.3% m/m), but was below consensus forecast and primarily driven by a rebound in automotive fuel. With consumer confidence still low and consumers unwilling to spend despite the high saving rate, this could potentially weigh on consumer spending in the near term.

#### **UK's DMP survey showed that inflation expectation ticked up**

- The DMP survey suggests that the disinflation process remains a bumpy one with the 1Y CPI expectations unexpectedly inching up 0.2ppts to 3.0% in December and firms reporting that their output prices also increased 0.1ppts to 3.8%. When firms were asked how they expect to respond to the increase in employer National Insurance contributions, 54% expect to raise prices as well this year.

#### **Australia's retail sales picked up on Black Friday sales**

- Although lower than expected, retail sales picked up pace to 0.8% m/m in November following the previous month's +0.5% m/m and September's +0.4% m/m. Despite the acceleration, this could be due to consumers taking advantage of the Black Friday sales, with widespread discounts seen across clothing items, furniture, electrical goods, cosmetics as well as essential goods.
- Meanwhile, trade balance unexpectedly widened for the second month to A\$7.1bn in November (prior: A\$5.7bn) as export growth outpaced imports at 4.8% m/m and +1.7% m/m respectively (prior: +3.5% m/m and flat growth). The jump in exports was driven by other rural products like wool & sheepskins, cereal grains & preparations and meat & meat preparations, and will likely be supported by any recovery in China's economy going forward. Meanwhile, the higher imports were driven by higher imports of capital and intermediate goods.

#### **Japan's consumer spending continued to fall for the fourth month**

- Although better than expected, household spending remained contractionary for the fourth month at -0.4% y/y in November (prior: -1.3%y/y), as inflation continues to weigh on purchasing power. As it is, spending was mixed across the sub-groups while the BOJ continues to opine that consumption is on a modest recovery trend supported by wage growth. With this, the central bank will most likely stay cautious with its tightening cycle going forward.

#### **China's inflation slowed further, stoking deflation worries**

- Although matching expectations, consumer inflation (CPI) slowed further to +0.1% y/y in December from +0.2% y/y previously (2024: +0.2% y/y), its slowest pace since March 2024 with the main drag from food prices and partially due to seasonal slowdown in some industries. The contraction in PPI, meanwhile, narrowed more than expected to -2.3% y/y from -2.5% y/y previously, all suggesting that the economy continues to struggle with weak domestic demand, stoking deflation worries, especially since the electric vehicle price war has started to broaden across the retail sector.

**House View and Forecasts**

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	108-111	109.03	108.76	106.58	104.45
EUR/USD	1.01-1.04	1.03	1.03	1.05	1.06
GBP/USD	1.22-1.25	1.24	1.24	1.25	1.27
USD/JPY	153-160	158	155	150	146
AUD/USD	0.61-0.64	0.62	0.63	0.64	0.66
USD/MYR	4.45-4.51	4.55	4.50	4.40	4.35
USD/SGD	1.35-1.38	1.37	1.35	1.32	1.29

Rates, %	Current	1Q-25	2Q-25	3Q-25	4Q25
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00	3.75-4.00
ECB	3.00	2.50	2.00	2.00	2.00
BOE	4.75	4.50	4.25	4.00	4.00
BOJ	0.25	0.50	0.50	0.75	0.75
RBA	4.35	4.35	4.10	3.85	3.60
BNM	3.00	3.00	3.00	3.00	3.00

**Up Next**

Date	Events	Prior
10-Jan	AU Household Spending YoY (Nov)	2.80%
	MA Industrial Production YoY (Nov)	2.10%
	MA Manufacturing Sales Value YoY (Nov)	3.00%
	JN Leading Index CI (Nov P)	109.1
	US Average Hourly Earnings MoM (Dec)	0.40%
	US Unemployment Rate (Dec)	4.20%
	US Change in Private Payrolls (Dec)	194k
13-Jan	US U. of Mich. Sentiment (Jan P)	74
	AU Melbourne Institute Inflation YoY (Dec)	2.90%
	CH Exports YoY (Dec)	6.70%
	US NY Fed 1-Yr Inflation Expectations (Dec)	2.97%

Source: Bloomberg

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