

10 February 2025

Global Markets Research

Daily Market Highlights

10 Feb: NFP saw traders pushing back next rate cut to Sep

DXY and UST yields rose after cooler US NFP; cushioned by positive net 2-month revision
US equities fell on softer NFP, sour consumers, and more tariff threats from Trump
Malaysia's IPI growth accelerated; maintain view for an upward revision in 4Q GDP print

- US equities took 3 steps down last Friday, after mixed but still solid labour data saw traders holding on to bets that the Fed will keep Fed funds rate steady until later this year, another step when after sentiment data showed that consumers turned sour in February, and the final leg lower after President Trump said that he was planning reciprocal tariffs on trading partners. This saw all the 3 major equity indices in the US dropping 1.0-1.4% d/d.
- European stocks (Stoxx 600: -0.4% d/d) were also hammered by threats of more tariffs from Trump, while Asian markets closed mixed. Notably, Chinese tech stocks were buoyed by the emergence of DeepSeek, and this supported other tech stocks like Lenovo and Xiaomi. That said, Asian markets are poised for a shaky trading day following Trump's pledge to announce the reciprocal tariffs, as well as 25% tariffs on all imports of steel and aluminium today,
- In the bond space, Treasuries extended losses after the US jobs report saw traders pushing back the next rate cut bet to September. Treasury yields closed up 5-8bps across the curve, and with the 2Y and 10Y benchmark yields closing at 4.29% and 4.50% respectively. 10Y European bond yields, meanwhile, closed mixed between -1 to +5bps.
- In the forex space, the DXY (+0.3% d/d to 108.04) rose in choppy trading and the Dollar strengthened against all its G10 peers save for the CAD and JPY (flat at 151.41). CHF, DKK and EUR (-0.5% d/d to 1.0328) led losses against the Dollar, while GBP and AUD weakened to 1.2402 (-0.3% d/d) and 0.6274 (-0.1% d/d) respectively. Regional currencies closed mixed against the greenback, with CNH, MYR and SGD depreciating between 0.1-0.3% d/d to close at 7.3033, 4.4397 and 1.3540 respectively.
- In the commodity space, crude oil prices finished with daily gains after new sanctions were slapped on Iran's crude export, but this comes after a largely bearish trend for the week on worries that Trump's tariffs could sap demand. The WTI gained 0.6% d/d to \$71.00/barrel, while the Brent increased 0.5% d/d to \$74.66/barrel.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,303.40	-0.99
S&P 500	6,025.99	-0.95
NASDAQ	19,523.40	-1.36
Stoxx Eur 600	542.75	-0.38
FTSE 100	8,700.53	-0.31
Nikkei 225	38,787.02	-0.72
CSI 300	3,892.70	1.30
Hang Seng	21,133.54	1.16
Straits Times	3,861.42	0.81
KLCI 30	1,590.91	0.36
FX		
Dollar Index	108.04	0.33
EUR/USD	1.0328	-0.53
GBP/USD	1.2402	-0.27
USD/JPY	151.41	0.00
AUD/USD	0.6274	-0.14
USD/CNH	7.3033	0.20
USD/MYR	4.4397	0.09
USD/SGD	1.3540	0.25
Commodities		
WTI (\$/bbl)	71.00	0.55
Brent (\$/bbl)	74.66	0.50
Gold (\$/oz)	2,867.30	0.40
Copper (\$\$/MT)	9,407.50	1.41
Aluminum(\$/MT)	2,628.00	0.34
CPO (RM/tonne)	4,675.50	0.55

Source: Bloomberg, HLBB Global Markets Research
 * CPO dated as of 6 Feb

Mixed labour prints for the US; jump in consumer credit; dip in consumer confidence and spike in inflation expectation partially due to tariffs concerns

- Economic prints released on Friday were mixed. Gains in January's non-farm payroll (NFP), cooled more than expected but remained solid overall, and this saw traders holding tight to expectation that the Fed will keep the Fed funds rate steady for longer. NFP came in at 143k, below 175k consensus and December's +307k, but there were 100k of upward revisions to the prior 2 months. Job gains were reported for health care, retail trade and social assistance, but fell for mining, quarrying and oil & gas extraction industry. The unemployment rate and average hourly earnings unexpectedly improved to 4.0% and +0.5% m/m (prior: 4.0% and +0.3% m/m), but the average weekly hours dropped to 34.1.
- The University of Michigan Sentiment index unexpectedly fell the second month to 67.8 in February (Prior: 71.1), its lowest since July 2024. All 5 sub-components deteriorated, led by a plunge in buying conditions for durables, as consumers believe that it may be too late to avoid the negative impact of tariff policy. Many consumers appear worried that inflationary pressures will return, and this is reflected in the 1Y inflation expectations jumping 1ppts to 4.3%, its highest since November 2023.
- Consumer credit unexpectedly surged to a record \$40.8bn in December (prior: -\$5.4bn), reflecting massive increase in outstanding revolving and non-revolving debt, the former due to credit cards and the latter due to auto sales that climbed towards the close of the year. While a steady labour market has largely supported consumer spending growth, we opine that the jump in credit during the month was partially due to festive spending and consumers front-loading their purchases of durable goods ahead of higher prices due to tariffs.

Better than expected Japan's leading index

- Leading index rose more than expected to 108.9 in December from 107.8 previously, with most of the sub-indices reporting improvement during the month. Meanwhile, the assessment for the coincident index was left unchanged for the 8th straight month at "halting to fall."

China's consumer prices accelerated due to festive spending spurt

- China price prints were mixed. Producer price deflation fell more than expected by 2.3% y/y January, while consumer prices increased more than expected to 0.5% y/y from 0.1% y/y previously. The latter marks the first acceleration since August 2024, driven by higher services inflation, and largely underpinned by temporary household spending and spending boom because of the Lunar New Year. As

such, deflationary risks persist and more consumption boosting measures are needed.

Malaysia's IPI growth picked up steam for the 2nd straight month in December; maintain our view for an upward revision in 4Q GDP print from +4.8% y/y

- The Industrial Production Index (IPI) grew at a faster pace for the 2nd straight month, by 4.6% y/y in December (Nov: +3.6% y/y), but the pick-up was below consensus as well as our expectations. However, this still marked its best growth pace in five months, and was in line with our view for better momentum in December, The better growth was led by improvement in the manufacturing subsector (+5.8% vs +4.6% y/y), reinforced by continued growth in electricity (+3.5% vs +3.9% y/y) and a rebound in mining output (+0.4% vs -0.8% y/y), marking the first time in six months that all the three key subsectors expanded.
- We remain cautiously optimistic that the flash estimate of 4Q GDP (@ +4.8% y/y) will be revised higher in the final print, due 14-February. Overall IPI grew 3.4% y/y in 4Q (3Q: +3.9%), and are suggesting a 5.0% real GDP growth for 4Q, barring any surprises from the services front. We shall wait for the release of highly relevant data for 4Q, including construction and services (wholesale & retail trade inclusive), which will shed more light into the final 4Q GDP performance.
- Foreign reserves increased by \$0.9bn in 2H of January to close the month at \$116.4bn. This marks a turnaround from -\$0.7bn in 1H, and is sufficient to finance 5.0 months of imports and is 1.0 times of the total short-term external debt.

House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DXY	106-109	109.10	108.58	106.93	105.27
EUR/USD	1.02-1.05	1.03	1.03	1.05	1.06
GBP/USD	1.23-1.26	1.24	1.24	1.25	1.27
USD/CHF	0.88-0.92	0.91	0.91	0.90	0.88
USD/JPY	148-154	158	155	150	146
AUD/USD	0.61-0.65	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.58	0.56	0.56	0.57	0.58
USD/CNY	7.24-7.30	7.37	7.30	7.23	7.15
USD/MYR	4.40-4.47	4.55	4.50	4.40	4.35
USD/SGD	1.33-1.37	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	2.75	2.50	2.00	2.00	2.00
BOE	4.50	4.50	4.25	4.00	4.00
BOJ	0.50	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

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
10-Feb	JN Bank Lending Incl Trusts YoY (Jan)	3.10%
	JN Eco Watchers Survey Outlook SA (Jan)	48.8
	EC Sentix Investor Confidence (Feb)	-17.7
	US NY Fed 1-Yr Inflation Expectations (Jan)	3.00%
10-15 Feb	CH Aggregate Financing CNY YTD (Jan)	32255.8
11-Feb	AU Westpac Consumer Conf SA MoM (Feb)	-0.70%
	AU NAB Business Confidence (Jan)	-2
	US NFIB Small Business Optimism (Jan)	105.1
11-18 Feb	CH FDI YTD YoY CNY (Jan)	-27.10%

Source: Bloomberg

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