

15 January 2025

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

## 15 Jan: All eyes on US CPI prints today

**Dollar weakened after tamer-than-expected US PPI; more gradual tariff hikes ahead**  
**All eyes on US and UK CPI today; likely diverge and reaffirm uneven disinflation outlook**  
**China's new loans fell in 2024; low credit demand for households and corporates**

- It was a choppy session for Wall Street, with stocks bouncing around the flatline with traders weighing in the latest tamer-than-expected producer prices (PPI) from the US. Traders were also unwilling to make big bets ahead of the US consumer prices (CPI) report today. The Dow gained 0.5% d/d at the end of the session, S&P advanced 0.1% d/d, but the Nasdaq slipped 0.2% d/d as large tech stocks fell again as investors flocked to utilities, financials and materials. In a corporate update, Meta shares fell amid news that it will cut about 5% of its workforce, targeting the company's lowest-performing workers.
- Equities elsewhere traded mixed, with Stoxx 600 dipping 0.1% d/d in Europe, Nikkei 225 sliding 1.8% d/d but CSI 300 and Hang Seng gaining 1.8-2.6% d/d respectively in Asia. Asian stocks are likely to open mixed today, following the tepid US session overnight.
- In the bond space, Treasury yields closed mixed after the tamer than expected PPI. The front-end rallied and the 2Y yield closed 1bps lower at 4.37%, while the benchmark 10Y yield rose 2bps to 4.79%. The European bond markets extended their sell-off, with the 10Y yields closing 1-4bps higher (prior: 2-5bps).
- In the commodity space, DXY fell 0.6% d/d to 109.27 amid reports that Trump's economic team is mulling more gradual tariff increases and following the milder PPI print. All G10 currencies strengthened against the Dollar save for the JPY (-0.3% d/d), despite the BOJ Deputy Governor's comment that the bank will adjust policy if its economic outlook materialises, suggesting a possible rate hike next week. As it is, traders are pencilling in no changes in the policy rate at this juncture. Leading gains against the Dollar were SEK, DKK and EUR (0.6-0.7% d/d), the latter boosted after the tariff report. AUD and GBP also appreciated, but at a milder pace between 0.1-0.3% d/d. Most regional currencies also strengthened against the Dollar following the tariff news, led by KRW, TWD and SGD (+0.2% d/d to 1.3666). CNH and MYR appreciated by less than 0.1% d/d each to 7.3437 and 4.5078 respectively.
- In the commodity space, oil prices retreated (-1.4 to -1.7% d/d) from their 5-month high after Hamas and Israel tentatively agreed to a cease-fire, easing geopolitical tension and risks of disruption in supply.

### **Tamer than expected PPI for the US; Optimism on Main Street continued to grow amid improved economic outlook post-election**

- PPI came in softer than expected, with headline increasing by 3.3% y/y and 0.2% m/m (prior: +3.0% y/y and +0.4% m/m). The deceleration in monthly prices was underpinned by softer prices for goods (+0.6% m/m vs +0.7% m/m), especially for food, while flat price for services (prior: +0.3% m/m) also helped

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,518.28	0.52
S&P 500	5,842.91	0.11
NASDAQ	19,044.39	-0.23
Stoxx Eur 600	508.28	-0.08
FTSE 100	8,201.54	-0.28
Nikkei 225	38,474.30	-1.83
CSI 300	3,820.54	2.63
Hang Seng	19,219.78	1.83
Straits Times	3,788.77	-0.08
KLCI 30	1,576.46	-0.58
<b>FX</b>		
Dollar Index	109.27	-0.62
EUR/USD	1.0308	0.61
GBP/USD	1.2215	0.11
USD/JPY	157.96	0.30
AUD/USD	0.6195	0.29
USD/CNH	7.3437	-0.04
USD/MYR	4.5078	-0.06
USD/SGD	1.3666	-0.22
<b>Commodities</b>		
WTI (\$/bbl)	77.50	-1.67
Brent (\$/bbl)	79.92	-1.35
Gold (\$/oz)	2,682.30	0.14
Copper (\$\$/MT)	9,154.00	0.65
Aluminum(\$/MT)	2,560.00	-0.72
CPO (RM/tonne)	4,810.00	1.80

Source: Bloomberg, HLBB Global Markets Research  
 \* CPO dated as of 13 Jan

temper price pressures. That said, categories that feed into PCE calculation were mixed, with no change in hospital fees, modest gains for portfolio management and physician care, but prices for airfares jumped.

- The NFIB Small Business Optimism index rose more than expected to 105.1 in December (prior: 101.7), its highest reading since October 2018. 7 of the 10 sub-indices improved, and small business owners' expectations for economic growth, lower inflation, and positive business conditions improved in anticipation of pro-business policies and legislation under the new administration.

#### Japan's bank lending picked up; Eco Watchers Outlook suggests moderate economic recovery

- Mixed data from Japan. Bank lending ex trusts accelerated to 3.4% y/y in December from 3.2% y/y previously, but the Eco Watchers Survey Outlook index unexpectedly fell to 48.8 from 49.4 previously, with most indicators worsening during the month. All in, the latest survey suggests that the economy has continued its moderate recovery and will likely stay at the same path going forward, amid continuing concerns over the impact of price hikes.

#### China's credit demand remains low for households and corporates

- Despite better-than-expected, non-government financing remained weak suggesting that the recovery is losing momentum and more stimulus measures are needed. New yuan loans totalled 18.1tn yuan for the whole of 2024, its weakest since 2019 and its first yearly drop in 13 years. As it is, government financing largely supported credit demand, while borrowing from households, including mortgages, and corporates remained weak.

#### House View and Forecasts

FX	This Week	1Q-25	2Q-25	3Q-25	4Q-25
DX	107-111	109.10	108.58	106.93	105.27
EUR/USD	1.01-1.05	1.03	1.03	1.05	1.06
GBP/USD	1.21-1.25	1.24	1.24	1.25	1.27
USD/JPY	154-161	158	155	150	146
AUD/USD	0.60-0.64	0.62	0.63	0.64	0.66
USD/MYR	4.47-4.54	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

Source: HLBB Global Markets Research

#### Up Next

Date	Events	Prior
15-Jan	UK CPI Core YoY (Dec)	3.50%
	UK PPI Output NSA YoY (Dec)	-0.60%
	UK House Price Index YoY (Nov)	3.40%
	EC Industrial Production SA MoM (Nov)	0.00%
	US MBA Mortgage Applications	-3.70%
	US Empire Manufacturing (Jan)	0.2
	US CPI Ex Food and Energy YoY (Dec)	3.30%
	US Real Avg Weekly Earnings YoY (Dec)	1.00%
	15-Jan	JN PPI YoY (Dec)

AU Consumer Inflation Expectation (Jan)	4.20%
AU Employment Change (Dec)	35.6k
AU Unemployment Rate (Dec)	3.90%
UK Monthly GDP (MoM) (Nov)	-0.10%
EC Trade Balance NSA (Nov)	6.8b
US Retail Sales Advance MoM (Dec)	0.70%
US Import Price Index YoY (Dec)	1.30%
US Philadelphia Fed Business Outlook (Jan)	-16.4
US New York Fed Services Business Activity (Jan)	-5.2
US Initial Jobless Claims	201k
US NAHB Housing Market Index (Jan)	46

Source: Bloomberg

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