

24 January 2025

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

## 24 Jan: Trump called for lower oil prices & interest rates

**Trump's call sent equities rallying; USTs closed mixed; DXY inched lower**

**MAS reduced the slope of its S\$NEER band; no change to width and the level it is centred**

**All eyes on BOJ today after the jump in Japan's inflation print**

- US equities took another leg up after President Donald Trump said that he will ask Saudi Arabia and OPEC to lower crude oil prices, and pushed for interest rate cuts immediately, in his address to the World Economic Forum. While the Fed, not Trump, drives monetary policy decisions, his speech boosted optimism that the Trump administration will introduce measures to boost growth and stocks, while keeping a lid on price pressures. This sent S&P 500 up 0.5% d/d above 6.1k, while the Dow Jones and Nasdaq gained 0.9% d/d and 0.2% d/d respectively. Meanwhile, earnings continue to roll in, with GE results beating forecasts but American Airlines warned of a surprise loss.
- Elsewhere, European stocks continued with its upward momentum, while CSI 300 were amongst the notable gainers in Asia as Beijing urged large state-owned mutual funds and insurers to purchase more shares to bolster its faltering equity markets.
- In the bond space, Treasuries closed mixed with the front-end outperforming. The 2Y yield slid 1bps to 4.29%, while the 10Y rose 3bps to 4.64%. 10Y European bond yields rose another 0-5bps overnight (prior: 0 to +4bps).
- In the forex space, the DXY traded modestly lower at 108.05 after Trump called for lower interest rates and the Dollar traded mixed against its G10 peers. JPY outperformed its peers at +0.3% d/d ahead of BOJ's decision today, closely followed by GBP (+0.3% d/d), NZD (+0.2% d/d) and AUD (+0.2% d/d). EUR strengthened 0.1% d/d, even as traders are placing bets for a 25bps rate cut at the next ECB's monetary policy meeting next week, but today, the release of the PMIs for the majors as well as BOJ's monetary policy statement will take centre stage.
- In the regional space, Asian currencies closed mixed against the Dollar, with CNH and MYR appreciating between 0.1-0.2% d/d to 7.2877 and 4.4440 respectively, while SGD firmed up marginally to 1.3550 ahead of its policy decision, but will likely weaken today following MAS' decision to reduce the slope of its S\$NEER band.
- In the commodity space, Trump's remark for lower oil prices pushed crude oil prices into the red, by between 0.9-1.1% d/d.

**Key Market Metrics**

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,565.07	0.92
S&P 500	6,118.71	0.53
NASDAQ	20,053.68	0.22
Stoxx Eur 600	530.34	0.44
FTSE 100	8,565.20	0.23
Nikkei 225	40,121.87	0.41
CSI 300	3,803.74	0.18
Hang Seng	19,700.56	-0.40
Straits Times	3,806.57	0.67
KLCI 30	1,577.20	-0.67
<b>FX</b>		
Dollar Index	108.05	-0.11
EUR/USD	1.0415	0.06
GBP/USD	1.2353	0.30
USD/JPY	156.05	-0.31
AUD/USD	0.6285	0.18
USD/CNH	7.2877	0.09
USD/MYR	4.4440	0.18
USD/SGD	1.3550	-0.04
<b>Commodities</b>		
WTI (\$/bbl)	74.62	-1.09
Brent (\$/bbl)	78.29	-0.90
Gold (\$/oz)	2,765.00	-0.21
Copper (\$\$/MT)	9,232.00	0.09
Aluminum(\$/MT)	2,623.50	-0.40
CPO (RM/tonne)	4,513.00	-1.15

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 22 Jan

### **MAS reduced the slope of its S\$NEER band; no change to width and the level it is centred**

- In its latest monetary policy decision, MAS reduced slightly the slope of the S\$NEER policy band. There will be no change to the width of the policy band or the level at which it is centred. The decision was premised upon expectations that growth momentum will slow, and after MAS Core Inflation moderated more quickly than expected and will remain below 2.0% this year. In fact, MAS expects the economy to grow by 1.0-3.0% in 2025 (2024: 4.0%), while core inflation is projected at 1.0–2.0% (previous estimate: 1.5–2.5%).
- December's inflation gauge was higher than expected, with headline unexpectedly holding steady at 1.6% y/y, while core eased to its 3-year low of 1.8% y/y (prior: 1.9% y/y), driven mainly by the moderation in services costs and specifically, on falling holiday expenses and slower increase in public transport costs. All in all, headline and core averaged 2.4% and 2.7% in 2024, easing from 4.8% and 4.2% in 2023.

### **US continuing jobless claims jumped to its 3Y high**

- Initial jobless claims rose more than expected by 6k to 223k for the week ended January 18 (prior: +14k), while continuing claims jumped 46k to 1899k for the week ended January 11 (prior: -24k), a 3Y high, a sign that laid-off workers are increasingly struggling to find jobs. The latter reaffirms view that the labour market has cooled but overall, the labour market remains resilient with a bump in claims data expected after Trump's executive order to reduce the size of federal-government employment.
- Meanwhile, the Kansas City Fed Manufacturing Activity index held steady at -5 in December, defying expectations to improve to 0. Expectations for future activity nonetheless remained positive, while price indices picked up slightly during the month.

### **Eurozone's consumer confidence remained below long-term average**

- Consumer confidence improved less-than-expected to -14.2 in January (prior: -14.5). The index at this level remained below its long-term average and will hinder recovery in consumer spending.

### **UK's CBI trends total orders remained weak**

- CBI Trends Total Orders improved more than expected to -34 in January from -40 previously and is expected to fall further in the three months to April. Despite the uptick, manufacturers' confidence has remained weak, amid still steep declines in both domestic and export orders, and amid widespread concerns over the impact of the increase in National Insurance contributions and minimum wages.

### Australia's PMI remained expansionary for services; stabilised for manufacturing

- Australia PMI data for January was more positive, amid still expansionary services activity (50.4 vs 50.8), while manufacturing stabilised (49.8 vs 47.8). New orders picked up pace, suggesting further growth in the near-term. That said, growth was predominantly domestic driven, while export orders amid uncertainties over external trade prospects. Rising price prints also suggest that the RBA may keep interest rates on hold for longer.

### Higher price pressures from Japan raises rate hike bets today

- Headline inflation jumped more than expected to 3.6% y/y in December (Nov: +2.9% y/y), while core also quickened but matched estimates at +3.0% y/y (Nov: +2.7% y/y), raising bets on an interest rate hike by the BOJ today. Driving the acceleration for the second month were jumps in prices for food and utilities (due to the phasing out of gas and electricity subsidies), as well as moderate pick-up in prices for discretionary items like household goods and clothing & footwear.

### 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	1.21-1.24	1.24	1.24	1.25	1.27
USD/CHF	0.90-0.92	0.91	0.91	0.90	0.88
USD/JPY	152-158	158	155	150	146
AUD/USD	0.61-0.64	0.62	0.63	0.64	0.66
NZD/USD	0.55-0.57	0.56	0.56	0.57	0.58
USD/CNY	7.24-7.31	7.37	7.30	7.23	7.15
USD/MYR	4.47-4.53	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
24-Jan	UK GfK Consumer Confidence (Jan)	-17
	JN Jibun Bank Japan PMI Mfg (Jan P)	49.6
	JN Jibun Bank Japan PMI Services (Jan P)	50.9
	SI Industrial Production SA MoM (Dec)	-0.40%

	EC HCOB Eurozone Manufacturing PMI (Jan P)	45.1
	EC HCOB Eurozone Services PMI (Jan P)	51.6
	UK S&P Global UK Manufacturing PMI (Jan P)	47
	UK S&P Global UK Services PMI (Jan P)	51.1
	US S&P Global US Manufacturing PMI (Jan P)	49.4
	US S&P Global US Services PMI (Jan P)	56.8
	US U. of Mich. Sentiment (Jan F)	73.2
	US Existing Home Sales MoM (Dec)	4.80%
	JN BOJ Target Rate	0.25%
	US Kansas City Fed Services Activity (Jan)	2
27-Jan	CH Industrial Profits YTD YoY (Dec)	-4.70%
	CH Manufacturing PMI (Jan)	50.1
	CH Non-manufacturing PMI (Jan)	52.2
	HK Exports YoY (Dec)	2.10%
	US Chicago Fed Nat Activity Index (Dec)	-0.12
	US New Home Sales MoM (Dec)	5.90%
	US Dallas Fed Manf. Activity (Jan)	3.4

Source: Bloomberg

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