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Global Markets Research

Daily Market Highlights

4 Oct: Markets selloff amid higher rates for longer fear

10Y UST yields rallied to 4.81% after job data beat estimates; DXY held firm at 107s

RBA maintained cash rate at 4.10%; flagged concern over higher fuel prices

Singapore's PMI rebounded above 50; first expansionary reading since Aug-22

- Bonds selloff sent the US equities tumbling on Tuesday. The Dow Jones Industrial Average lost 1.3% d/d, its worst day since March and erasing what was left of its gain for the year. The S&P 500 also slid 1.4%, while Nasdaq fell 1.9% d/d. Losses were broad based, led by technology firms as well as risk sensitive banks and real estate companies.
- Rising bond yields also hit the European markets, sending Stoxx Eur 600 down 1.1% d/d and FTSE 100 0.5% d/d lower. In Asia, Hang Seng dipped 2.7% d/d, leading losses in the region after coming back from a holiday. Nikkei 225 fell 1.6% d/d. Following the US slump, the Asian stock markets are expected to extend its downward trend today amidst rising bond yields.
- UST yields rose 5-14bps. 10Y UST yields scaled to as high as 4.81% but retreated slightly to 4.80%, still up 12bps d/d. This is the highest since August 2007. The 2Y rose 5bps to 5.15%, while the 30Y jumped 14bps to 4.92%. The Treasuries sell off was largely underpinned by the higher rates for longer fears, boosted by the stronger-than-expected JOLTS employment data released overnight. 10Y European bond yields, meanwhile, rose between 3-13bps.
- DXY firmed above the 107-handle, hitting as high as 107.35 but pared gains to close at 107.00 (+0.1% d/d). European currencies depreciated in tune of 0.1% d/d, while AUD weakened as low as 0.6286 before closing at 0.6302 (-1.0% d/d) after the RBA left its policy rate unchanged. In Asia, JPY closed the day stronger by 0.6% d/d at 149.02 amidst intervention chatter. This comes after the currency briefly hit above the psychological 150 level for the first time since October 2022. JPY. MYR and SGD closed weaker at 4.7238 and 1.3731.
- Oil prices held around the \$90/barrel as angst over rising rates vies with tight supply. Still, crude oil managed to chalk up gains between 0.2%-0.5% d/d.

RBA maintained cash rate at 4.10%, flagged concerns over higher fuel prices

- As widely expected, the Reserve Bank of Australia maintained its cash rate unchanged at 4.10%. Key highlights from the statement include: 1) No change in its statement that some further tightening of monetary policy may be required. 2) The bank reaffirmed its expectations that inflation will fall back within the 2%–3% target range only in late 2025. 3) Change of note in the statement to include fuel prices have risen noticeably.
- In terms of economic data, home loans rebounded more than forecast by 2.2% m/m in August (Jul: -1.1% m/m) driven by both owner-occupier as well as investor loans. In tandem with this, building approvals also surged more

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,002.38	-1.29
S&P 500	4,229.45	-1.37
NASDAQ	13,059.47	-1.87
Stoxx Eur 600	440.70	-1.10
FTSE 100	7,470.16	-0.54
Nikkei 225	31,237.94	-1.64
CSI 300	3,689.52	-0.30
Hang Seng	17,331.22	-2.69
Straits Times	3,192.35	-0.51
KLCI 30	1,420.01	0.09
FX		
Dollar Index	107.00	0.09
EUR/USD	1.0467	-0.10
GBP/USD	1.2077	-0.08
USD/JPY	149.02	-0.56
AUD/USD	0.6302	-0.96
USD/CNH	7.3228	0.00
USD/MYR	4.7238	0.14
USD/SGD	1.3731	0.01
Commodities		
WTI (\$/bbl)	89.23	0.46
Brent (\$/bbl)	90.92	0.23
Gold (\$/oz)	1,824.60	-0.30
Copper (\$\$/MT)	8,006.50	-0.58
Aluminum(\$/MT)	2,290.00	-1.34
CPO (RM/tonne)	3,659.50	-0.75

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 2 Oct for CPO; 28 Sep for CSI 300

than expected by 7.0% m/m (Jul: -7.4% m/m). Data this morning also showed that the final S&P Services PMI was revised upwards to 51.8 in September (Aug: 47.8), with the fastest growth recorded in new work since June 2022.

US JOLTS job openings topped all forecasts

- JOLTS job openings topped all forecasts, unexpectedly rising to 9.6m in Aug (Jul: 8.9m) driven mainly by the business services sector, finance and insurance as well state and local government education. Despite this, the ratio of vacancies to unemployed moderated marginally to 1.51 (Jul: 1.53), while quits rate held steady at 2.3%, the lowest since 2020 suggesting that Americans are less confident to find another job in the current market. All in, the latest data paints a still resilient albeit softening labour market.

Singapore's PMI breached above 50

- PMI rose to 50.1 in September (Aug: 49.9) despite Electronics PMI remained contractionary at 49.8 (Aug: 49.5). This is the first time the overall index breached 50 since August 2022, attributed to slower contraction in new orders, inventory as well as an expansion in new exports and employment. Factory output also grew at a faster pace.

House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DXY	105-107	106	101	100	99
EUR/USD	1.04-1.07	1.06	1.12	1.14	1.12
GBP/USD	1.21-1.23	1.22	1.31	1.33	1.30
USD/JPY	146-150	149	139	136	133
AUD/USD	0.63-0.65	0.64	0.68	0.68	0.69
USD/MYR	4.68-4.72	4.66	4.64	4.60	4.55
USD/SGD	1.35-1.37	1.37	1.34	1.33	1.33

Rates, %	Current	3Q-23	4Q-23	1Q-24	2Q-24
Fed	5.25-5.50	5.25-5.50	5.50-5.75	5.50-5.75	5.50-5.75
ECB	4.50	4.50	4.50	4.50	4.50
BOE	5.25	5.25	5.25	5.25	5.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.10	4.10	4.35	4.35	4.35
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
4-Oct	JN Jibun Bank Japan PMI Services (Sep F)	53.3
	SI S&P Global Singapore PMI (Sep)	53.6
	EC HCOB Eurozone Services PMI (Sep F)	48.4
	UK S&P Global/CIPS UK Services PMI (Sep F)	47.2
	EC Retail Sales MoM (Aug)	-0.20%
	EC PPI MoM (Aug)	-0.50%
	US MBA Mortgage Applications	-1.30%
	US ADP Employment Change (Sep)	177k
	US S&P Global US Services PMI (Sep F)	50.2
	US Factory Orders (Aug)	-2.10%
	US ISM Services Index (Sep)	54.5
	5-Oct	HK S&P Global Hong Kong PMI (Sep)
AU Exports MoM (Aug)		-2%
SI Retail Sales YoY (Aug)		1.10%
US Challenger Job Cuts YoY (Sep)		266.90%
US Trade Balance (Aug)		-\$65.0b
	US Initial Jobless Claims	204k

Source: Bloomberg

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