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Global Markets Research

Daily Market Highlights

5 Sep: RBA meet in focus today

US markets closed for Labour Day; European equities and bonds fell on weak data

Asian stock indices advanced on China's support measures and upbeat Caixin PMI

Dollar Index closed flat amid thin trade; Aussie posted small gain ahead of RBA meet today

- The US equities and bond markets were closed for Labour Day. In Europe, the Stoxx Eur 600 index closed just below the flatline, paring gains after hitting its highest level since Aug 10 in morning trade. Weighing down on the former was the worse-than-expected Sentix sentiment as well as a 0.9% m/m decline in Germany's exports for July (June: +0.2% m/m). FTSE 100, meanwhile, lost 0.2% d/d. Hang Seng led gains in Asia at +2.5% d/d, powered by a surge in property stocks after China rolled out support measures for the sector. CSI 300 also gained 1.5% d/d, while Nikkei 225 was up 0.7% d/d.
- 10Y European bond yields saw increases in tune of 2-5bps. In ECB speak, Governing Council member Mario Centeno warned his colleagues that there's a risk of raising interest rates too far.
- Trading was largely muted in the forex market. DXY opened near its high of the day at 104.27 but generally softened throughout the day and closed flat at 104.24. EUR and GBP strengthened by 0.2% d/d and 0.3% d/d respectively, with the former boosted by hopes around China's stimulus measures. Regional currencies, nevertheless, weakened against USD to a tune of 0.1-0.2% d/d each, with MYR and SGD closing at 4.6558 and 1.3549 respectively.
- Brent ticked up by 0.5% d/d as sentiment was largely buoyed by positive China data as well as expectations of ongoing crude supply cuts from major producers. For the former, the latest Caixin's manufacturing PMI survey indicated that the economy expanded in August, while the series of economic support measures announced by Beijing also supported prices.

Eurozone's investor confidence worsened

- Sentix Investor Confidence worsened more than expected to -21.5 in Sept (Aug: -18.9) as the weak economy continued to weigh on both current and expectations sub-indices. The situation in Germany remains particularly precarious, weighing heavily on the Eurozone as a whole.

Melbourne's Institute inflation gauge accelerated to 6.1%

- After easing for 3 consecutive months, the Melbourne Institute inflation gauge turned around to accelerate to +6.1% y/y in August (July: +5.4% y/y). This is the highest since April, but we expect the RBA to stand pat when they meet today pending more clarity on how the economy evolves.
- Judo Bank Services PMI was revised upwards by 1.1ppts to 47.8 in Aug (July: 47.9). The latest reading signalled a second straight month of falling

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,837.71	0.33
S&P 500	4,515.77	0.18
NASDAQ	14,031.81	-0.02
Stoxx Eur 600	457.96	-0.04
FTSE 100	7,452.76	-0.16
Nikkei 225	32,939.18	0.70
Hang Seng	18,844.16	2.51
Straits Times	3,238.97	0.18
KLCI 30	1,462.72	-0.05
FX		
Dollar Index	104.24	0.00
EUR/USD	1.0796	0.15
GBP/USD	1.2625	0.28
USD/JPY	146.47	0.17
AUD/USD	0.6461	0.08
USD/CNH	7.2755	0.07
USD/MYR	4.6558	0.21
USD/SGD	1.3549	0.16
Commodities		
WTI (\$/bbl)	85.55	2.30
Brent (\$/bbl)	89.00	0.51
Gold (\$/oz)	1,948.40	0.07
Copper (\$\$/MT)	8,452.00	-0.57
Aluminum(\$/MT)	2,212.50	-1.10
CPO (RM/tonne)	3,888.50	2.40

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 1st Sept for CPO, DJIA, S&P 500, Nasdaq, WTI, Gold

business activity. Although little changed m/m and mild, the rate of contraction was the fastest YTD. The weakest part of the report was a significant drop in new orders, which fell below 50 for the first time in five months

Japan's household spending unexpectedly worsened

- Household spending unexpectedly worsened to -5.0% y/y in July (June: -4.2% y/y). This marks the second month where the contraction has widened, backing BOJ's ultra-easy policy case. The decline in spending was largely attributable to housing and education, and to a lesser extent, food, medical care and transportation.

House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DX	101-105	102	101	100	99
EUR/USD	1.07-1.10	1.11	1.12	1.14	1.12
GBP/USD	1.25-1.29	1.29	1.31	1.33	1.30
USD/JPY	142-147	141	139	136	133
AUD/USD	0.63-0.67	0.67	0.68	0.68	0.69
USD/MYR	4.57-4.66	4.69	4.64	4.60	4.55
USD/SGD	1.33-1.37	1.35	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	5.25-5.50	5.00-5.25	4.50-4.75
ECB	4.25	4.25	4.25	4.25	4.00
BOE	5.25	5.50	5.50	5.50	5.00
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.10	4.35	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
5-Sept	JN Jibun Bank Japan PMI Services (Aug F)	54.3
	SI S&P Global Singapore PMI (Aug)	51.3
	VN S&P Global Vietnam PMI Mfg (Aug)	48.7
	HK S&P Global Hong Kong PMI (Aug)	49.4
	CH Caixin China PMI Services (Aug)	54.1
	AU RBA Cash Rate Target	4.10%
	SI Retail Sales SA MoM (Jul)	-0.80%
	EC ECB 1 Year CPI Expectations (Jul)	3.40%
	EC ECB 3 Year CPI Expectations (Jul)	2.30%
	EC HCOB Eurozone Services PMI (Aug F)	48.3
	UK S&P Global/CIPS UK Services PMI (Aug F)	48.7
	EC PPI YoY (Jul)	-3.40%
	US Factory Orders (Jul)	2.30%
	US Durable Goods Orders (Jul F)	-5.20%
6-Aug	US Cap Goods Orders Nondef Ex Air (Jul F)	0.10%
	AU GDP SA QoQ (2Q)	0.20%
	EC Retail Sales MoM (Jul)	-0.30%
	US MBA Mortgage Applications	2.30%
	US Trade Balance (Jul)	-\$65.5b
	US S&P Global US Services PMI (Aug F)	51
	US ISM Services Index (Aug)	52.7

Source: Bloomberg

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