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Global Markets Research

Daily Market Highlights

6 Oct: Muted markets awaiting US nonfarm job data

US equities, bond yields and DXY fell; Daly: Fed can maintain rates if cooling continues

US job cuts fell; initial jobless claims rose less than expected

Oil prices extended their rapid declines on demand concerns

- The US equity markets ticked lower on Thursday as investors looked toward the non-farm payroll that could determine the next move for interest rates. The Dow Jones, S&P 500 and Nasdaq lost a modest 0.1% d/d, as consumer staples stocks led losses while energy counters also saw a pull back after oil prices fell for a second day. In Fed speak meanwhile, Fed President Mary Daly said that policy makers can hold rates steady if the labour market and inflation continues to cool and financial conditions remain tight, probably the first dovish Fed speak in a long while.
- European and Asian markets, on the other hand, closed mostly in green after UST yields pulled back from its multi-year highs. The former closed up 0.3%-0.5% d/d but shares of French train manufacturer Alstom plunged 37.6% after warning about its free cash flow. London-listed Metro Bank also dropped 25.7% after reports that it is trying to raise capital. In Asia, Nikkei 225 traded 1.8% d/d higher, while Hang Seng gained 0.1% d/d. China's markets remain closed for the week-long holiday.
- The benchmark 10Y UST yields fell for the second day, edging down by 1bps to 4.72%. Yields initially ticked up after a labour report which showed jobless claims rising less than expected, before retreating later in the day. The 2Y fell 3bps to 5.02%. European bond yields fell between 1-5bps with the exception of Italian sovereign bonds which rose 3bps.
- DXY tumbled for the second day to 106.33 (-0.4% d/d) after hitting a high of 106.86 during the day. European currencies appreciated 0.4%-0.5% d/d, while regional currencies also strengthened against USD save the INR and HKD. JPY and SGD appreciated by 0.4% d/d each while CNH and MYR strengthened marginally by 0.1% d/d, the latter closing at 4.7277.
- Oil prices extended their rapid slides on demand worries, falling by 2.0% and 2.3% d/d respectively for the Brent and West Texas Intermediate.

US job cuts fell m/m but jumped y/y; jobless claims rose less than expected

- According to Challenger, Gray & Christmas Inc., employers announced a 36.8% m/m drop in job cuts to 47.5k in September (Aug: +217.1% m/m to 75.2k). This, nonetheless, is a 58.2% y/y jump (Aug: +266.9% y/y) as employers grapple with inflation, rate increases, labor issues and softening consumer demand. Year todate, the technology led cuts, although the pace has fallen

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,119.57	-0.03
S&P 500	4,258.19	-0.13
NASDAQ	13,219.83	-0.12
Stoxx Eur 600	441.31	0.28
FTSE 100	7,451.54	0.53
Nikkei 225	31,075.36	1.80
CSI 300	3,689.52	-0.30
Hang Seng	17,213.87	0.10
Straits Times	3,155.10	0.24
KLCI 30	1,415.60	-0.02
FX		
Dollar Index	106.33	-0.44
EUR/USD	1.0550	0.44
GBP/USD	1.2192	0.47
USD/JPY	148.51	-0.41
AUD/USD	0.6370	0.71
USD/CNH	7.3064	-0.14
USD/MYR	4.7277	-0.05
USD/SGD	1.3670	-0.37
Commodities		
WTI (\$/bbl)	82.31	-2.27
Brent (\$/bbl)	84.07	-2.03
Gold (\$/oz)	1,816.60	-0.10
Copper (\$\$/MT)	7,899.00	-0.64
Aluminum(\$/MT)	2,232.00	-0.65
CPO (RM/tonne)	3,660.00	-0.35

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 4 Oct for CPO; 28 Sep for CSI 300

over summer. This is followed by the retail sector, health care/products manufacturers and financial firms.

- Separately, initial jobless claims rose less than expected by 2k to 207k for the week ending September 30 (Sep 23: +3k), while continuing claims fell 1k to 1664k the prior week (Sep 16: +7k). As it is, jobless claims remained low by historical standards.
- Trade deficit narrowed more than expected and to its 3-year low of \$58.3bn in August (Jul: -\$64.7bn). Exports outpaced import at +1.6% m/m and - 0.7% m/m respectively (Jul: +1.7% m/m for both exports and imports). Data showed softer domestic demand for consumer and capital goods, while exports were driven by petroleum shipments.

Australia's trade balance widened on a rebound in export growth; imports fell

- Trade balance widened to A\$9.6bn in August (Jul: A\$7.3bn), as exports rebounded to grow by 4.0% m/m (Jul: -1.8% m/m) while imports fell 0.4% m/m (Jul: +3.4% m/m). Driving export growth was the services sector and non-agriculture exports, while imports fell on industrial transport equipment.

Contraction in Japan's household spending narrowed as earnings held steady

- Data this morning showed that labour cash earnings unexpectedly held steady at +1.1% y/y in August, while the contraction in household spending slowed more than expected to -2.5% y/y (Jul: -5.0% y/y). The latter marks the first deceleration in 2 months, with declines seen across most sectors except for housing, culture, transportation and communication.

Hong Kong's PMI edged down slightly

- S&P Global Hong Kong PMI fell to 49.6 in September (Aug: 49.8), below the 50-benchmark for the 3rd month. The decline was partially attributed to Typhoon Saola's disruptions, though a sharper decline in new orders further outlined wider demand issues.

Singapore's retail sales unexpectedly picked up on alcohol

- Retail sales unexpectedly accelerated to 4.0% y/y in August (Jul: +1.3% y/y). Most industries recorded y/y growth, led by food and alcohol, mainly due to increased sales of alcoholic products, as well as computer and telecommunications equipment. Sales at petrol service stations as well as furniture and household equipment recorded declines.

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
6-Oct	JN Leading Index CI (Aug P)	108.2
	MA Foreign Reserves	\$111.5b
	US Change in Nonfarm Payrolls (Sep)	187k
	US Average Hourly Earnings MoM (Sep)	0.20%
	US Average Weekly Hours All Employees (Sep)	34.4
9-Oct	EC Sentix Investor Confidence (Oct)	-21.5
9-15 Oct	CH Aggregate Financing CNY (Sep)	3120.0b
9-13 Oct	SI GDP YoY (3Q A)	0.50%
	SI Singapore MAS October 2023 Monetary Policy Statement	

Source: Bloomberg

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