

8 December 2023

Global Markets Research

Daily Market Highlights

8 Dec: All eyes on NFP today after weak labour numbers

US job cuts jumped m/m but was down y/y; Jobless claims slowed

Long-end UST underperformed; DXY fell below 104; AI stocks lifted the equity markets

JPY strengthened on hints that the BOJ will exit its negative interest rates regime

- A revival in artificial intelligence (AI) enthusiasm sent Nasdaq rallying overnight and lifted Wall Street. Nasdaq led the rally at +1.4% d/d, supported by gains in the "Magnificent 7" stocks. Alphabet shares surged after it released its new AI software "Gemini," while AMD shares jumped after debuting its AI chip to rival Nvidia. S&P 500 and Dow gained 0.8% d/d and 0.2% d/d respectively, the former supported by communication services and information technology stocks.
- Elsewhere, major European and Asian stocks were mostly down, reversing gains the previous day. Banks and retail stocks led Europe stocks lower, while improved export data from China and Australia failed to lift Asian stock markets.
- Long-end Treasury underperformed, with the 10Y yield gaining 5bps to 4.15%, while the 2Y closed just above the flatline at 4.60%. 10Y European bond yields closed mixed between -3 to +3bps.
- In the FX space, DXY retreated below the 104-handle, falling 0.6% d/d to 103.54 and weakened against all its G10 peers save CHF and CAD. JPY led the rally against USD, strengthening +2.2% d/d to 144.13 amidst hints that the Bank of Japan will exit its negative interest rates regime. European currencies appreciated in tune to 0.3% d/d, while trading in CNH, SGD and MYR was milder. CNH and SGD strengthened in tune to 0.2% d/d each, while MYR depreciated by 0.1% d/d to close at 4.6753.
- Oil prices closed another day in the red, falling in tune to 0.1-0.3% d/d as bearish sentiment continued to haunt the market.

US job cuts jumped m/m, but was down y/y according to the Challenger Report

- The latest Challenger Report showed that the US job market is loosening and employers are not as quick to hire. While data may be choppy due to seasonal factors, companies are also expecting slower growth in the coming months, particularly in industries that support consumers as well as in healthcare as hospital systems look to cut costs. Employers announced 45.5k job cuts in November, a 23.5% jump m/m (Oct: -22.4% m/m), but was 40.8% lower on a y/y basis (Oct: +8.8% y/y). This marks the first time cuts were lower on a y/y basis since July. The technology sector led the cuts, followed by retailers, healthcare, financial firms and warehousing. The report also showed that employers announced plans to hire 15.6k workers in November, slowing from 33.6k previously and bringing YTD numbers to its lowest since 2015.
- Jobless claims, on the other hand, slowed to +1k to 220k for the week ended December 2 (Nov 25: +8k), while continuing claims fell 64k to 1861k the week

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,117.38	0.17
S&P 500	4,585.59	0.80
NASDAQ	14,339.99	1.37
Stoxx Eur 600	468.78	-0.27
FTSE 100	7,513.72	-0.02
Nikkei 225	32,858.31	-1.76
CSI 300	3,391.28	-0.24
Hang Seng	16,345.89	-0.71
Straits Times	3,074.26	-0.42
KLCI 30	1,442.85	-0.21
FX		
Dollar Index	103.54	-0.59
EUR/USD	1.0794	0.28
GBP/USD	1.2594	0.27
USD/JPY	144.13	-2.16
AUD/USD	0.6602	0.81
USD/CNH	7.1632	-0.15
USD/MYR	4.6753	0.13
USD/SGD	1.3392	-0.22
Commodities		
WTI (\$/bbl)	69.34	-0.06
Brent (\$/bbl)	74.05	-0.34
Gold (\$/oz)	2,029.90	-0.03
Copper (\$\$/MT)	8,342.00	0.68
Aluminum(\$/MT)	2,132.50	-0.74
CPO (RM/tonne)	3,576.50	-2.13

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 6 Dec for CPO

prior (Nov 18: +84k). The decline was the lowest since July after climbing for the past two months.

- Consumer credit rose by less than forecast in October (\$5.1bn vs Sep: \$12.2bn) as revolving credit, which includes credit cards, slowed to its lowest in 4 months, and non-revolving credit, which includes school tuition and vehicles purchases also moderated as the higher cost of living prompt a dial back in household spending.

Eurozone's 3Q GDP contracted by -0.1% q/q

- The final revision to Eurozone's 3Q GDP was left unchanged at -0.1% q/q in 3Q (2Q: +0.1% q/q), while employment expanded at a slower pace than initially estimated by +0.2% q/q (Initial: +0.3% q/q vs 2Q: +0.1% q/q).

Australia's trade balance widened on a rebound in exports

- Goods trade balance widened to A\$7.1bn in October (Sep: A\$6.2bn) as exports rebounded to grow by 0.4% m/m while imports slid 1.9% m/m (Sep: -1.8% m/m and +8.0% m/m). The uptick in the former was driven by metal ores and minerals especially from China, while the former was weighed down by imports of industrial transport equipment.

Japan's leading index fell for the second month and by a larger pace

- Leading index fell for the second month to 108.7 in October (Sep: 109.3). The larger pace of m/m decline during the month was attributable to a drop in producers' final demand and stock prices (from positive previously), which more than outweighed improvements in the other sub-indices. The assessment of the coincident index, meanwhile, was maintained as "improving."
- Data this morning was mixed. The annualised 3Q GDP was revised downwards to -2.9% q/q from its preliminary reading of -2.1% q/q and 2Q's +3.6% q/q on the back of a downward revision in its private consumption numbers. For October, household spending fell at a smaller pace than expected by -2.5% y/y in October (Sep: -2.8% y/y), in line with an acceleration in labour cash earning (+1.5% y/y vs +0.6% y/y). Bank lending also accelerated to +2.8% y/y in November (Oct: +2.7% y/y).

Still sluggish trade data for China despite the surprise uptick in export growth; imports contracted suggesting weak demand

- Still weak trade data from China overall. Exports sprung a surprise +0.5% y/y growth in October (Sep: -6.4% y/y), its first expansion since 6-months but was partially attributable to low base effects rather than a sustainable recovery in external demand. This is reflected by falling shipments of industrial materials and vehicles, while the decline in outbound shipments of consumer goods narrowed due to seasonal factors, namely Christmas demand. Imports meanwhile, unexpectedly shrank 0.6% y/y for the same month (Oct: +3.0% y/y), suggesting a weak domestic demand, while the housing rout also weighed on imports of iron and copper.

Malaysia's foreign reserves rose in 2H of November

- Foreign reserves rose another \$1.8bn in 2H of November to \$112.3bn as at end-November (1H of Nov: +\$2.0bn). The reserves position is sufficient to finance 5.4 months of imports of goods and services and is 1.0 times the total short-term external debt.

House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DXV	101-105	107	107	106	105
EUR/USD	1.07-1.10	1.04	1.04	1.04	1.05
GBP/USD	1.24-1.28	1.20	1.20	1.20	1.21
USD/JPY	145-150	150	147	144	141
AUD/USD	0.65-0.68	0.64	0.65	0.66	0.67
USD/MYR	4.63-4.69	4.74	4.69	4.65	4.60
USD/SGD	1.32-1.35	1.38	1.37	1.35	1.34

Rates, %	Current	4Q-23	1Q-24	2Q-24	3Q-24
Fed	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.00-5.25
ECB	4.50	4.50	4.50	4.25	4.00
BOE	5.25	5.25	5.25	5.00	4.75
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	4.35	4.35	4.35	4.35	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
8-Dec	JN Eco Watchers Survey Outlook SA (Nov)	48.4
	UK BoE/Ipsos Inflation Next 12 Mths (Nov)	3.60%
	US Change in Nonfarm Payrolls (Nov)	150k
	US Average Hourly Earnings MoM (Nov)	0.20%
	US Average Weekly Hours All Employees (Nov)	34.3
	US U. of Mich. Sentiment (Dec P)	61.3
	US U. of Mich. 1 Yr Inflation (Dec P)	4.50%
	US U. of Mich. 5-10 Yr Inflation (Dec P)	3.20%
9-Dec	JN BSI Large All Industry QoQ (4Q)	5.8
	MA Industrial Production YoY (Oct)	-0.50%
	MA Manufacturing Sales Value YoY (Oct)	-1.90%

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global
Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.