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Global Markets Research

Daily Market Highlights

21 Nov: PBoC maintained key lending rates

US equities rallied on AI boost; USTs closed mixed with long-end outperforming
DXY fell ahead of the FOMC meeting minutes; US consumers remained pessimistic
Smaller contraction in Malaysia's exports again, added signs of bottoming out

- The US equity markets jumped on Monday to start a holiday shortened week, boosted by strong tech gains led by Microsoft and Nvidia. Nasdaq led gains at +1.1% d/d, outperforming Dow Jones and S&P 500 at +0.6-0.7% d/d each. Microsoft shares rallied 2.1%, after CEO Satya Nadella said former OpenAI chief Sam Altman will be joining the tech giant, while Nvidia also added 2.3%, marking a new all-time high for the stock ahead of its earnings report today.
- European markets ended mixed, with the Stoxx Eur 600 and FTSE 100 closing +/-0.1% d/d around the flatline, while Asian markets were mostly higher. Nikkei 225 briefly hit a 33-year high, though it shed its gains to close 0.6% d/d lower. CSI 300 rose 0.2% d/d after China left its benchmark lending rates unchanged, while Hang Seng rebounded by 1.9% d/d. As it is, Asian stocks are set for extended gains today after the tech giants boost to Nasdaq overnight.
- Treasuries closed mixed with the long-end outperforming following the decent 20-year auction, and as investors largely await the minutes to the latest FOMC meeting. The 2Y yield rose 3bps to 4.91% d/d while the 10Y fell 2bps to 4.42%. 10Y European sovereign bond yields also closed mixed between -2 to +3bps
- DXY continued to weaken on the less hawkish Fed outlook, tumbling 0.5% d/d to 103.44 and weakening against most of its G10 peers and regional currencies. European currencies strengthened 0.2-0.4% d/d, while JPY led gains in Asia by strengthening 0.8% d/d to 148.39. CNH closed 0.7% d/d firmer at 7.1673 after PBoC's decision, while MYR and SGD strengthened between 0.3-0.4% d/d to close at 4.6680 and 1.3382.
- Oil prices extended gains between 2.1-2.3% d/d as traders boosted bets that the OPEC+ alliance will intervene to support prices.

China maintained 1Y and 5Y lending rates unchanged at 3.45% and 4.20%

- As widely expected, and after the People's Bank of China (PBoC) maintained the MLF rate last week, the 1Y and 5Y loan prime rates were left unchanged at 3.45% and 4.20% respectively. As it is, PBoC has largely and will continue to focus on quantitative measures like liquidity injections rather than interest rate cuts to stimulate economic activities, especially to stabilise the property market and spur credit growths.

US consumers remained pessimistic, even as they continued to spend

- The Conference Board Consumer Confidence Index fell for the third month and unexpectedly worsened to -0.8% m/m in October (Sep: -0.7% m/m) as sentiment continued to be dampened by higher inflation and interest rates as well as the geopolitical situation in the Middle East. October's retreat reflected pullbacks in both the Present Situation and Expectations Index with

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,151.04	0.58
S&P 500	4,547.38	0.74
NASDAQ	14,284.53	1.13
Stoxx Eur 600	456.26	0.10
FTSE 100	7,496.36	-0.11
Nikkei 225	33,388.03	-0.59
CSI 300	3,576.32	0.23
Hang Seng	17,778.07	1.86
Straits Times	3,111.58	-0.42
KLCI 30	1,456.92	-0.26
FX		
Dollar Index	103.44	-0.46
EUR/USD	1.0940	0.23
GBP/USD	1.2505	0.35
USD/JPY	148.39	-0.83
AUD/USD	0.6557	0.64
USD/CNH	7.1673	-0.69
USD/MYR	4.6680	-0.28
USD/SGD	1.3382	-0.39
Commodities		
WTI (\$/bbl)	77.60	2.25
Brent (\$/bbl)	82.32	2.12
Gold (\$/oz)	1,980.30	-0.22
Copper (\$\$/MT)	8,430.50	1.98
Aluminum(\$/MT)	2,245.50	1.74
CPO (RM/tonne)	3,800.00	-1.20

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 17 Nov for CPO

the latter still below 80, the level that historically signals a recession within the next year.

Eurozone's construction output rebounded

- Construction output rebounded to grow by 0.4% m/m in September (Aug: -1.1% m/m) with expansion seen for both civil engineering and building. By member states, growth was led by Slovenia, Poland and Slovakia.

Smaller pace of contraction in Malaysia's exports again

- The contraction in exports and imports narrowed more than expected to -4.4% y/y and -0.2% y/y in October (Sep: -13.8% y/y and -11.1% y/y). On a m/m basis, both recorded its second consecutive month of growths (exports: +1.5% m/m vs +8.1% m/m; imports: +13.4% m/m vs +2.1% m/m), reaffirming our expectations that the worst is over for the trade data and is set to stabilize. As import growth outpaced exports on a m/m basis, trade surplus narrowed to RM12.9bn (Sep: RM24.4bn).
- For 4Q, trade data will benefit from a lower base effect as well as recent signs of stability and a pick-up in the global tech cycle. Led by demand from the US and China, global semiconductor sales have shown slow and steady m/m increases for seven consecutive months in September and on a y/y basis, the pace of contraction has narrowed. This should translate into better export numbers for Malaysia moving forward, albeit still sluggish at this juncture. In fact and just a recap, the Ministry of Finance expects growth in Malaysia's gross exports to turn around and register growth of +5.1% y/y in 2024 (2023e: -7.8% y/y).

House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DXY	102-106	107	107	106	105
EUR/USD	1.06-1.10	1.04	1.04	1.04	1.05
GBP/USD	1.22-1.26	1.20	1.20	1.20	1.21
USD/JPY	149-152	150	147	144	141
AUD/USD	0.63-0.67	0.64	0.65	0.66	0.67
USD/MYR	4.64-4.72	4.74	4.69	4.65	4.60
USD/SGD	1.33-1.36	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
21-Nov	AU RBA Minutes of Nov. Policy Meeting	
	HK CPI Composite YoY (Oct)	2.00%
	US Chicago Fed Nat Activity Index (Oct)	0.02
	US Philadelphia Fed Non-Manufacturing Activity (Nov)	-20.3
	US Existing Home Sales MoM (Oct)	-2.00%
22-Nov	US FOMC Meeting Minutes	
	AU Westpac Leading Index MoM (Oct)	0.07%
	MA Foreign Reserves	\$108.5b
	UK CBI Trends Total Orders (Nov)	-26
	US MBA Mortgage Applications	2.80%
	US Initial Jobless Claims	1865k

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US Durable Goods Orders (Oct P)	4.60%
US Cap Goods Orders Nondef Ex Air (Oct P)	0.50%
US U. of Mich. Sentiment (Nov F)	60.4
US U. of Mich. 1 Yr Inflation (Nov F)	4.40%
EC Consumer Confidence (Nov P)	-17.9
US U. of Mich. 5-10 Yr Inflation (Nov F)	3.20%

Source: Bloomberg

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