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Global Markets Research

Daily Market Highlights

24 July: Muted markets ahead of the FOMC meeting

Dow Jones notched its 10th session of gains on mixed corporate earnings

DXY strengthened against most G10 peers; JPY led losses

UK retail sales beat expectations spurred by summer sales

- Wall Street closed mixed on Friday as traders assessed the latest corporate earnings results. Dow Jones Industrial Average stretched its winning streak to 10 sessions, closing just above the flat line. S&P also closed fractionally higher by less than 0.1% d/d but Nasdaq fell 0.2% d/d. American Express saw a sell-off, closing 3.9% d/d lower on concerns of a deceleration in its revenue growth but gains were seen in a range of blue chips like Intel, Procter & Gamble & Nike. European markets also closed higher as investors looked ahead to the Spanish election. Stoxx Eur 600 closed up 0.3% d/d, while FTSE 100 gained 0.2% d/d. Stocks in Asia were mixed, with Nikkei 225 falling 0.6% d/d, while Hang Seng index climbed 0.8% d/d.

- Trading was quiet in the Treasuries market ahead of the FOMC decision on Wednesday, with the 2Y yield closing flattish at 4.84%, while the 10Y slid 2bps lower to 3.84%. With the exception of Sweden, 10Y European bond yields saw a 0-5bps decrease.

- DXY closed 0.2% d/d firmer at 101.07, having rallied against most of its G10 peers. Gains against JPY were pronounced after BOJ's Ueda said that the central bank is not looking to tweak its YYC any time soon. BOJ is set to meet this week. JPY weakened 1.2% d/d, while EUR and GBP depreciated modestly by 0.1% d/d each. Regional currencies depreciated between 0.2%-0.4% d/d, with CNH, SGD and MYR closing at 7.1881, 1.3307 and 4.5627 respectively.

- Oil prices gained between 1.8%-1.9% d/d as global supplies tightened. UAE Energy Minister Suhail al-Mazrouei said that current actions by OPEC+ to support the oil market were sufficient for now and the group was "only a phone call away" if any further steps were needed.

UK retail sales beat expectations as hot weather boosted footfall

- UK retail sales jumped more than expected by 0.7% m/m in June (May: +0.1% m/m), with non-food stores sales volumes rising by 1.0% m/m (May: -0.5% m/m) as department stores and furniture retailers reported that summer sales and increased footfall helped boost volumes. Similarly, food stores sales volumes also bounced back with 0.7% growth (May: -0.4% m/m) with some supermarkets reporting that promotions boosted sales.

Australia's PMI services slid to 7-month low; manufacturing rose to a 5-month high

- In a reversal of the recent trend, services was the primary source of weakness in Australia's PMI for the month of July. The Judo Bank Flash Australia Services

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,227.69	0.01
S&P 500	4,536.34	0.03
NASDAQ	14,032.81	-0.22
Stoxx Eur 600	465.40	0.32
FTSE 100	7,663.73	0.23
Nikkei 225	32,304.25	-0.57
Hang Seng	19,075.26	0.78
Straits Times	3,278.30	0.12
KLCI 30	1,413.52	0.49
FX		
Dollar Index	101.07	0.19
EUR/USD	1.1124	-0.05
GBP/USD	1.2854	-0.11
USD/JPY	141.73	1.19
AUD/USD	0.6729	-0.74
USD/CNH	7.1881	0.18
USD/MYR	4.5627	0.43
USD/SGD	1.3307	0.28
Commodities		
WTI (\$/bbl)	77.07	1.90
Brent (\$/bbl)	81.07	1.80
Gold (\$/oz)	1,966.60	-0.22
Copper (\$\$/MT)	8,452.00	-0.39
Aluminum(\$/MT)	2,204.50	0.16
CPO (RM/tonne)	3,956.50	2.16

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 20th July for CPO

PMI dipped below the 50-threshold to 48.0 (June: 50.3). This is the lowest in 7 months, ending a 3-month sequence of growth. Of note, input cost and output price inflation quickened due to increases in staff pay. The rise in selling prices was the fastest since January.

- The Judo Bank Flash Australia Manufacturing PMI, on the other hand, rose to a 5-month high of 49.6 in July (June: 48.2). Helping to alleviate the deterioration was a renewed rise in manufacturing production, the first in 8 months.

House View and Forecasts

FX	This Week	3Q-23	4Q-23	1Q-24	2Q-24
DX	98-103	102	101	100	99
EUR/USD	1.09-1.13	1.11	1.12	1.14	1.12
GBP/USD	1.26-1.31	1.29	1.31	1.33	1.30
USD/JPY	137-142	141	139	136	133
AUD/USD	0.66-0.70	0.67	0.68	0.68	0.69
USD/MYR	4.48-4.58	4.69	4.64	4.60	4.55
USD/SGD	1.31-1.35	1.35	1.34	1.33	1.33

Rates, %	Current	3Q-23	4Q-23	1Q-24	2Q-24
Fed	5.00-5.25	5.25-5.50	5.25-5.50	5.00-5.25	4.50-4.75
ECB	4.00	4.25	4.25	4.25	4.00
BOE	5.00	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
24-Jul	JN Jibun Bank Japan PMI Mfg (Jul P)	49.8
	JN Jibun Bank Japan PMI Services (Jul P)	54
	MA CPI YoY (Jun)	2.80%
	SI CPI YoY (Jun)	5.10%
	MA Foreign Reserves	\$111.4b
	EC HCOB Eurozone Manufacturing PMI (Jul P)	43.4
	EC HCOB Eurozone Services PMI (Jul P)	52
	UK S&P Global/CIPS UK Manufacturing PMI (Jul P)	46.5
	UK S&P Global/CIPS UK Services PMI (Jul P)	53.7
	US Chicago Fed Nat Activity Index (Jun)	-0.15
	US S&P Global US Manufacturing PMI (Jul P)	46.3
	US S&P Global US Services PMI (Jul P)	54.4
25-Jul	HK Exports YoY (Jun)	-15.60%
	UK CBI Trends Total Orders (Jul)	-15
	US Philadelphia Fed Non-Manufacturing Activity (Jul)	-16.6
	US FHFA House Price Index MoM (May)	0.70%
	US S&P CoreLogic CS US HPI YoY NSA (May)	-0.24%
	US Conf. Board Consumer Confidence (Jul)	109.7
	US Richmond Fed Manufact. Index (Jul)	-7
	US Richmond Fed Business Conditions (Jul)	-12
25-31 Jul	VN CPI YoY (Jul)	2.00%
	VN Exports YoY (Jul)	-11.40%
	VN Industrial Production YoY (Jul)	2.80%
	VN Retail Sales YoY (Jul)	6.50%

Source: Bloomberg

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