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Global Markets Research

Daily Market Highlights

24 Oct: 10Y UST yield briefly touched 5.00%

Nasdaq snapped four days of losses; 10Y UST yield retreated and closed below 5.00%

European and Asian markets remained on edge; focus on Middle East conflict, arrests in China

DXY fell following the retreat in UST yields; oil fell over 2.0% on diplomatic moves in Gaza

- The 10Y UST yield touched 5.00% for the first since 2007 and the subsequent drop in rates provided support for Nasdaq. The index snapped its four day of losses and closed 0.3% d/d higher, but Dow Jones and S&P 500 closed the day 0.6% and 0.2% d/d lower. Shares of oil major Chevron slipped 3.7% d/d following news that the company would purchase peer Hess in an all-stock deal. Meanwhile, earnings season is set to ramp up this week with a slew of big tech titans set to report, from Amazon to Microsoft and Alphabet.
- In Europe, Stoxx EUR 600 and FTSE 100 closed 0.1% and 0.4% d/d lower as global sentiment remained on edge, while Asian markets continued their sell-off with Nikkei 225 slipping 0.8% d/d and CSI 300 falling 1.0% d/d to its lowest closing level since February 2019. With this, Asian equity markets are set for a cautious open today and attention will be focused on China after a series of arrests across industries and investigation into Foxconn Technology Group.
- The benchmark 10Y UST yield briefly climbed back above the key 5.00% level before closing the day 6bps lower at 4.85%. The 2Y dipped 3bps to 5.05%. 10Y European bond yields closed the day mixed between -9 to +3bps.
- The Dollar Index fell 0.6% d/d to 105.54 following the retreat in UST yields. European currencies strengthened in tune to 0.7% d/d, while regional currencies closed mixed. MYR led losses in the region at -0.6% d/d, while SGD led gains at +0.4% d/d. JPY and CNH appreciated 0.1%-0.2% d/d.
- Oil dropped over 2.0% d/d as diplomatic moves in the Gaza war eased supply concerns.

US' CFNAI improved and points to economic growth near historical trend

- The Chicago Fed National Activity Index (CFNAI) improved more than expected to +0.02 in September (Aug: -0.22), with production-related indicators contributing to the uptick. More importantly, the CFNAI-MA3 and Diffusion indices moved up to neutral value and +0.05, marking periods of economic expansion.

Eurozone's consumer confidence remained below long-term average

- The flash estimate of Eurozone's consumer confidence index worsened less than expected to -17.9 in October (Sep: -17.8). At this level, confidence remained well below its long-term average.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	32,936.41	-0.58
S&P 500	4,217.04	-0.17
NASDAQ	13,018.33	0.27
Stoxx Eur 600	433.18	-0.13
FTSE 100	7,374.83	-0.37
Nikkei 225	30,999.55	-0.83
CSI 300	3,474.24	-1.04
Hang Seng	17,172.13	-0.72
Straits Times	3,053.36	-0.76
KLCI 30	1,438.12	-0.20
FX		
Dollar Index	105.54	-0.59
EUR/USD	1.0670	0.72
GBP/USD	1.2249	0.70
USD/JPY	149.71	-0.10
AUD/USD	0.6336	0.35
USD/CNH	7.3104	-0.23
USD/MYR	4.7943	0.56
USD/SGD	1.3668	-0.42
Commodities		
WTI (\$/bbl)	85.49	-3.67
Brent (\$/bbl)	89.83	-2.53
Gold (\$/oz)	1,976.30	-0.31
Copper (\$\$/MT)	7,972.00	0.30
Aluminum(\$/MT)	2,176.00	-0.25
CPO (RM/tonne)	3,691.00	-1.73

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 20 Oct for CPO, Hang Seng

Contraction in Australia's PMIs worsened, input costs rose sharply

- The Judo Bank flash Australia Manufacturing PMI dropped to 48.0 in October (Sep: 48.7), an eighth successive monthly deterioration in business conditions. Latest data pointed to marked reductions in both output and new orders and were the most pronounced in almost 3.5 years. The Services PMI also retreated to 47.6 (Sep: 51.8), its lowest in 10 months on renewed reductions in total new business and new orders from abroad. Anyhow, input costs continued to rise sharply in both sectors and this could put pressure for RBA to raise rates when they next meet.

Singapore's headline CPI unexpectedly picked up

- Headline inflation unexpectedly accelerated to +4.1% y/y in September (Aug: +4.0% y/y), while core eased more than expected to +3.0% y/y (Aug: +3.4% y/y). This latter was largely driven by lower inflation for food and retail & other goods, while the uptick in the former was due to higher private transport costs which more than offset the decline in core and accommodation.
- Moving forward, MAS expects core inflation to ease to between 2.5%–3.0% y/y by December. Core will be affected by the increase in the GST rate as well as seasonal effects in early 2024 but is expected to resume its moderating trend over 2024. This is on the back of easing import cost pressures and tightness in the labour market. Headline is likely to rise further in the coming months as a result of higher COE premiums but should slowly moderate in 2024 due to increase in COE quotas. Accommodation inflation is also projected to ease as the supply of completed housing units increases

House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DXY	104-108	107	107	106	105
EUR/USD	1.04-1.07	1.04	1.04	1.04	1.05
GBP/USD	1.19-1.23	1.20	1.20	1.20	1.21
USD/JPY	148-151	150	147	144	141
AUD/USD	0.62-0.65	0.64	0.65	0.66	0.67
USD/MYR	4.74-4.80	4.74	4.69	4.65	4.60
USD/SGD	1.35-1.39	1.38	1.37	1.35	1.34

Rates, %	Current	4Q-23	1Q-24	2Q-24	3Q-24
Fed	5.25-5.50	5.50-5.75	5.50-5.75	5.50-5.75	5.25-5.50
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	4.10	4.10	4.10	4.10	3.83
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
24-Oct	JN Jibun Bank Japan PMI Mfg (Oct P)	48.5
	JN Jibun Bank Japan PMI Services (Oct P)	53.8
	UK ILO Unemployment Rate 3Mths (Aug)	4.30%
	UK Employment Change 3M/3M (Aug)	-207k
	EC HCOB Eurozone Manufacturing PMI (Oct P)	43.4
	EC HCOB Eurozone Services PMI (Oct P)	48.7
	UK S&P Global/CIPS UK Manufacturing PMI (Oct P)	44.3
	UK S&P Global/CIPS UK Services PMI (Oct P)	49.3
	UK CBI Trends Total Orders (Oct)	-18

	US Philadelphia Fed Non-Manufacturing Activity (Oct)	-16.6
	US S&P Global US Manufacturing PMI (Oct P)	49.8
	US S&P Global US Services PMI (Oct P)	50.1
	US Richmond Fed Manufact. Index (Oct)	5
	US Richmond Fed Business Conditions (Oct)	-5
25-Oct	AU CPI YoY (3Q)	6.00%
	JN Leading Index CI (Aug F)	109.5
	US MBA Mortgage Applications	-6.90%
	US New Home Sales MoM (Sep)	-8.70%
25-31 Oct	VN CPI YoY (Oct)	3.66%
	VN Exports YoY (Oct)	4.60%
	VN Industrial Production YoY (Oct)	5.10%
	VN Retail Sales YoY (Oct)	7.50%

Source: Bloomberg

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