

24 November 2023

Global Markets Research

Daily Market Highlights

24 Nov: Eurozone and UK PMIs topped estimates

European bond yields rose; EUR and GBP gained on paring of central bank easing wagers

Oil extended losses on bearish view after OPEC+ meeting delayed to month end

Singapore's and Japan's core inflation accelerated for the first time in at least 4 months

- The US equity and bond markets were closed for Thanksgiving holiday. Elsewhere, European stocks closed mostly steady and slightly higher, with banks and energy stocks leading gains, the latter despite the continued fall in oil prices. Investors were also watching Dutch election results, with a surprised election victory for far-right lawmaker Geert Wilder's Freedom Party. Asian markets closed mixed even as Wall Street goes into Thanksgiving with a rally.
- 10Y European sovereign bond yields closed up between 5-10bps. Money markets also trimmed central bank easing wagers after Eurozone and UK PMIs exceeded estimates.
- Currency markets were lulled by holidays in Japan and the US. DXY closed flat at 103.92. EUR and GBP gained between 0.2-0.3% d/d after their preliminary PMIs topped expectations. In Asia, CNH and SGD also strengthened 0.1% d/d, the latter supported by the acceleration in its core CPI. MYR, on the other hand, weakened 0.1% d/d to 4.6803.
- Brent slid another 0.7% d/d on bearish view of a delayed OPEC+ meeting. As it is, OPEC+ postponed the meeting to November 30th as disputes arose over quotas for its African members.

European PMIs topped expectations and improved

- The HCOB Eurozone Manufacturing and Services PMIs topped expectations at 43.8 and 48.2 respectively in November (Oct: 43.1 and 47.8), a 6- and 2-month high. The better-than-expected PMIs were underpinned by smaller contractions in output and new orders, but the still weak sectors have resulted in companies lowering their staffing levels for the first time since 2021. Service providers also continued to forge ahead with faster price increases due to accelerating increases in input costs.
- Similarly, the S&P Global/CIPS UK Manufacturing and Services PMIs also beat consensus forecasts at 46.7 and 50.5 in November (Oct: 44.8 and 49.5), a 6- and 4-month high. The overall uptick in activity was driven by the services sector, which rebounded after three months of declines, while manufacturers began to report less severe cutbacks to production schedules. Nonetheless, the survey's forward-looking indicators suggested that recession risks will likely remain elevated as new orders decreased for the fifth month running. Business activity expectations also held close to October's recent low and remained notably soft.

UK's consumer confidence improved

- Data this morning that GfK consumer confidence improved more than expected to -24 in November (Oct: -30) as all five main measures improved

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,273.03	0.53
S&P 500	4,556.62	0.41
NASDAQ	14,265.86	0.46
Stoxx Eur 600	458.47	0.27
FTSE 100	7,483.58	0.19
Nikkei 225	33,451.83	0.29
CSI 300	3,561.52	0.48
Hang Seng	17,910.84	0.99
Straits Times	3,111.75	-0.10
KLCI 30	1,453.29	-0.18
FX		
Dollar Index	103.92	0.00
EUR/USD	1.0905	0.16
GBP/USD	1.2534	0.32
USD/JPY	149.56	0.01
AUD/USD	0.6558	0.23
USD/CNH	7.1522	-0.14
USD/MYR	4.6803	0.07
USD/SGD	1.3408	-0.08
Commodities		
WTI (\$/bbl)	77.10	-0.86
Brent (\$/bbl)	81.42	-0.66
Gold (\$/oz)	1,992.80	-0.44
Copper (\$\$/MT)	8,409.50	0.67
Aluminum(\$/MT)	2,224.50	0.27
CPO (RM/tonne)	3,842.00	0.27

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 22 Nov for CPO, Nikkei 225, Dow Jones, S&P 500, Nasdaq, WTI, Gold

from the previous month. Coupled with higher wage growths recently, this should lend support to consumer spending going forward.

Japan's inflation quickened for the first time in 4 months

- Data this morning showed that headline and core CPI quickened for the first time in 4 months, albeit less than expected by +3.3% y/y and +2.9% y/y in October (Sep: +3.0% y/y and +2.8% y/y). This raised expectations of policy normalizations going forward, and reflects shrinking impact from the previous subsidies but hotel prices have accelerated due to a recovery inbound spending.

Singapore's core inflation quickened for the first time in 9 months

- Core inflation, quickened more than expected and for the first time in 9 months to +3.3% y/y in October (Sep: +3.0% y/y), while headline also accelerated more than expected to its fastest pace in 5 months at +4.7% y/y (Sep: +4.1% y/y). The higher price pressures were due to services, retail & other goods, electricity & gas costs as well as private transport.
- Moving forward, authorities see some near-term volatility in inflation, though the broad trajectory is for continued moderation after 1Q. For 2023 as a whole, headline CPI is expected to average around 5.0%, and core at around 4.0%. In 2024, headline and core inflation are projected to average lower at 3.0–4.0% and 2.5–3.5% respectively.

House View and Forecasts

FX	This Week	4Q-23	1Q-24	2Q-24	3Q-24
DX	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
24-Nov	JN Jibun Bank Japan PMI Mfg (Nov P)	48.7
	JN Jibun Bank Japan PMI Services (Nov P)	51.6
	MA CPI YoY (Oct)	1.90%
	SI Industrial Production SA MoM (Oct)	10.70%
	US S&P Global US Manufacturing PMI (Nov P)	50
27-Nov	US S&P Global US Services PMI (Nov P)	50.6
	JN PPI Services YoY (Oct)	2.10%
	CH Industrial Profits YoY (Oct)	11.90%
	CH Industrial Profits YTD YoY (Oct)	-9.00%
	HK Exports YoY (Oct)	-5.30%
	UK CBI Total Dist. Reported Sales (Nov)	-21
	US New Home Sales MoM (Oct)	12.30%
	US Dallas Fed Manf. Activity (Nov)	-19.2

Source: Bloomberg

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