

6 December 2024

## Global Markets Research

### Daily Market Highlights

## 6 Dec: All eyes on the US non-farm payroll tonight

**S&P 500 and Nasdaq off record highs; UST yields closed little change; US Dollar weakened**

**EUR outperformed peers; JPY strengthened after hawkish BOJ speak**

**Softer US labour market data; initial jobless claims rose moderately; increase in job cuts**

- The S&P 500 and Nasdaq retreated from their record highs on Thursday in lacklustre and cautious trading ahead of the non-farm payroll (NFP). Both the indices slipped 0.2% d/d respectively, while the Dow lost 0.6% d/d. As it is, traders are expecting strong labour data (+220k vs +12k) tonight. While traders remain split if the FOMC will cut interest rates again in December.
- Elsewhere, Stoxx Eur 600 and CAC 40 rose 0.4% d/d each, as investors looked beyond the French political crisis, while Asian markets traded mixed after the three Wall Street equity benchmarks notched record highs the previous day, but are set to echo the overnight pullback in the US today. In corporate news, oil major Shell and Norway's Equinor announced plans to combine their British offshore oil and gas assets to create a jointly owned energy company, which will become the UK North Sea's largest independent producer.
- In the bond space, Treasury yields closed mixed within a narrow range of +/- 2bp (prior: -4 to -6bps), settling at 4.14% for the 2Y and 4.18% for the 10Y respectively. 10Y European bond yields rose between 0-7bps with the exception of the French and Italian bonds. This comes after closing mixed between -3 to +7bps the day before.
- In the forex space, USD weakened against all its G10 peers as traders await the US NFP, and the DXY closed down 0.6% d/d to 105.71. CHF, DKK, SEK and EUR (+0.7% d/d) were among the best performers, the latter after the French government bonds stabilized. JPY also rallied 0.3% d/d after BOJ's Toyooki Nakamura said that he is not opposed to rate hikes, a move that saw traders pencilling in higher probability of a hike in the BOJ meeting this month. Regional currencies also strengthened against greenback, led by the MYR (+0.6% d/d to 4.4272), PHP and IDR. KRW (-0.2% d/d) stabilised after a brief martial law scare, while CNH and SGD appreciated 0.2-0.4% d/d on Thursday.
- In the commodity space, oil prices closed down 0.3-0.4% d/d even after OPEC+ deferred its production increased plans by 3 months to March 2025. Just a recap, OPEC+ had wanted to bring more oil barrels back to the market, but prices were under pressure from soft China demand and strong US production.

#### Higher initial jobless claims, bigger job cut prints for the US ahead of NFP

- Data continued to point to a steadily cooling but still healthy labour market. Partially distorted by volatility due to the Thanksgiving holiday, initial jobless claims rose moderately and by more than expected to 224k for the week ended November 30 (+9k vs 0), while faster hiring saw continuous jobless claims falling 25k to 1871k the week prior (Nov 16: -2k). A separate report by Challenger Gray also showed that employers announced 57.7k job cuts in November, a 2.8% m/m increase and a 26.8% y/y jump. Nonetheless, this

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,765.71	-0.55
S&P 500	6,075.11	-0.19
NASDAQ	19,700.72	-0.17
Stoxx Eur 600	519.53	0.40
FTSE 100	8,349.38	0.16
Nikkei 225	39,395.60	0.30
CSI 300	3,921.59	-0.23
Hang Seng	19,560.44	-0.92
Straits Times	3,822.68	0.60
KLCI 30	1,615.64	0.10
<b>FX</b>		
Dollar Index	105.71	-0.57
EUR/USD	1.0586	0.71
GBP/USD	1.2759	0.46
USD/JPY	150.10	-0.33
AUD/USD	0.6453	0.36
USD/CNH	7.2635	-0.19
USD/MYR	4.4272	-0.58
USD/SGD	1.3389	-0.37
<b>Commodities</b>		
WTI (\$/bbl)	68.30	-0.35
Brent (\$/bbl)	72.09	-0.30
Gold (\$/oz)	2,626.60	-1.02
Copper (\$\$/MT)	9,074.50	-0.09
Aluminum(\$/MT)	2,639.00	-0.28
CPO (RM/tonne)	5,317.00	0.57

Source: Bloomberg, HLBB Global Markets Research  
\* CPO dated as of 4 December

marks a sharp slowdown from +50.9% y/y the prior month, with most job cuts due to economic pressure, hitting hard on tech and auto industries.

- Trade deficit narrowed more than expected to \$73.8bn in October from \$83.8bn previously, as firms dialled back imports of all goods, while import of services remained expansionary. Total imports fell 4.0% m/m to its 4-month low, while exports fell at a slower pace of 1.6% m/m as a strong USD deterred demand for all goods (prior: +3.1% m/m and -1.0% m/m). While goods and services trade subtracted from GDP in 3Q, the latest net exports figures suggest less of an impact in 4Q.

#### **Eurozone's retail sales fell for the first time in 4 months**

- Retail sales fell for the first time in 4 months and by a more than expected 0.5% m/m in October (Sep: -0.5% m/m). The decline was driven by lower sales of non-food products and automotive fuel, a sign of jitters among consumers despite accelerating wages, and reaffirming our view that ECB will continue with its easing cycle when they meet next week.

#### **UK's 1Y CPI expectations accelerated to its highest in 5 months**

- The latest decision maker panel survey suggests firms expect inflation to tick up 0.3ppts to 2.8% in November, its highest in 5 months and higher than consensus forecast, reaffirming bets that rate cuts will be gradual going forward. For the first time, the survey also asked firms how they expect to respond to the increase in employer National Insurance contributions and the answers point to a not so positive outlook for the UK economy. 59% of firms expect lower profit margins, 54% expect to raise prices, 54% expect lower employment and 38% expect to pay lower wages than they otherwise would have done.

#### **Australia's consumer spending and exports rebounded**

- Positive data from Australia, reaffirming bets of a status quo for monetary policy next week. Consumer spending rebounded more than expected to 0.8% m/m in October from -0.2% previously, with spending rising across board led by recreation & culture, as households snapped up tickets for several major international music concerts and sporting events. External demand also rebounded to increase 3.6% m/m following September's 4.7% m/m decline, driven by strong demand for other mineral fuels.
- Moving forward, there remains a high degree of uncertainty for the Australian economy, with exports potentially weighed down by slow growth in China as well as slowdown in global trade amid trade tensions. Meanwhile, household spending will likely be supported by income growth, but may face headwinds from the still restrictive financial conditions and with this, there is no change in our view that the RBA will kick-start its easing cycle come in 2Q25.

#### **Japan's household spending continued to fall despite stronger wage growth**

- In Japan, labour cash earnings matched expectations and accelerated to 2.6% y/y in November (prior: +2.5% y/y), a further progress towards a moderately recovering Japanese economy that will support expectations of near-term rate hike. While household spending fell, albeit at a softer than expected pace of 1.3% y/y (prior: -1.1% y/y), private consumption is expected to play catch-up on the back of the stronger wage growth as well as various government's initiatives to reduce the burden from the higher cost of living for households.

### Singapore's retail sales accelerated less than expected; uptick due to pick-up in demand for big-ticket items

- Retail sales came in a shade softer than expected at 2.2% y/y in October, but still marked a pick-up from the 1.9% y/y increase in September. This marks the fourth consecutive month of growth with mixed performance across the sectors. Sales jumped for big-tickets items like motor vehicle and furniture & household equipment, the former due to higher COE quota and the latter likely due to consumers ramping up purchases before the GST hike. Sales of food & beverages also grew at a faster pace driven by discretionary restaurant spending, likely due to higher tourist arrivals during the month. Going forward, sales for the rest of 4Q will benefit from festive demand, although a strong SGD would dampen inbound tourism as well as encourage Singaporeans to spend overseas.

### House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-109	105.78	105.51	103.40	102.37
EUR/USD	1.04-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.25-1.29	1.28	1.28	1.31	1.32
USD/JPY	146-154	153	153	148	146
AUD/USD	0.64-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.40-4.48	4.40	4.40	4.30	4.26
USD/SGD	1.33-1.36	1.33	1.33	1.31	1.29

Rates, %	Current	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.50-4.75	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
ECB	3.25	3.00	2.75	2.50	2.25
BOE	4.75	4.75	4.50	4.25	4.00
BOJ	0.25	0.25	0.50	0.50	0.50
RBA	4.35	4.35	4.35	4.10	3.85
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

### Up Next

Date	Events	Prior
6-Dec	JN Leading Index CI (Oct P)	109.1
	MA Foreign Reserves (47423)	\$118.0b
	EC GDP SA QoQ (3Q F)	0.40%
	EC Employment QoQ (3Q F)	0.20%
	US Change in Nonfarm Payrolls (Nov)	12k
	US Unemployment Rate (Nov)	4.10%
	US Average Hourly Earnings MoM (Nov)	0.40%
	US U. of Mich. Sentiment (Dec P)	71.8
	VN CPI YoY (Nov)	2.89%
	VN Exports YoY (Nov)	10.10%
	VN Industrial Production YoY (Nov)	7.00%
	VN Retail Sales YoY (Nov)	7.10%
	US Consumer Credit (Oct)	\$6.002b
	JN GDP SA QoQ (3Q F)	0.20%
9-Dec	JN Bank Lending Incl Trusts YoY (Nov)	2.70%
	CH PPI YoY (Nov)	-2.90%
	CH CPI YoY (Nov)	0.30%
	EC Sentix Investor Confidence (Dec)	-12.8
	JN Eco Watchers Survey Outlook SA (Nov)	48.3
9-15 Dec	CH Aggregate Financing CNY YTD (Nov)	27060.0b

Source: Bloomberg

### Hong Leong Bank Berhad

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

[HLMarkets@hlbb.hongleong.com.my](mailto: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.