

9 February 2024

Global Markets Research

Daily Market Highlights

09 Feb: US jobless claims support resilient labour market view

S&P 500 hit intraday high of 5k; Treasury yield curve shifted higher; DXY slightly firmer
Crude oil prices rallied on doubts over a cease-fire in the Israel-Hamas war
China posted its sharpest drop in CPI since 2009; CNH closed flattish

- The S&P 500 gained 0.1% d/d, and crossed 5k for the first time in intraday trading, while Dow Jones Industrial Average and Nasdaq also added 0.1-0.2% d/d each after a favourable jobless claims reading added evidence to a still strong labour market. In Fed speak, Richmond President Thomas Barkin was the latest to reiterate that the Fed is in no rush to cut its rates, while a drumbeat of earnings from Walt Disney to Arms Holdings and PayPal continued to drive big moves in individual stocks.
- Elsewhere, European markets closed slightly lower amidst a slew of mixed earnings from Unilever to Maersk and Adyen. Asian markets closed mixed, but Nikkei 225 hit a fresh 34-year high.
- The Treasury yield curve shifted higher with yields up between 2-5bps, and the 2 and 10Y closing at 4.45% and 4.15% respectively. Similarly, 10Y European bond yields rose in tune to 3-6bps.
- DXY edged up slightly by 0.1% d/d to close at 104.17 after the drop in jobless claims data. USD strengthened against most of its G10 peers and regional currencies. Of note, GBP drifted lower by 0.1% d/d after BOE's Catherine Mann commented that her latest vote for a UK interest rate hike was not easy and finely balanced. JPY also tumbled 0.8% d/d after the BOJ Deputy Governor said that rapid interest rate rises would be unlikely even after an end to the negative rates.
- Crude oil prices rallied in tune to 3.1-3.2% d/d on doubts over a cease-fire in the Israel-Hamas war. Adding to concerns over supply disruptions, major shipping companies warned that the security situation in the Red Sea is deteriorating.

US jobless claims remained low and fell for the first time in 3 weeks

- Despite a flurry of layoff news, initial jobless claims fell more than expected and for the first time in 3 weeks, declining by 9k to 218k for the week ended February 3 (Jan 27: +12k). Meanwhile, continuing claims also slid 23k to 1871k the week before (Jan 20: +66k),

Japan's Eco Watchers Outlook improved more than expected

- The Eco Watchers Survey Outlook index improved more than expected to 52.5 in January (Dec: 50.4) although the current index moderated to 50.2 (Dec: 51.8). All in, the indices suggest that the economy has and is expected to continue with its moderate recovery.

China posted its sharpest drop in CPI since 2009

- Consumer prices (CPI) fell the most since 2009 and by more than expected by +0.8% y/y in January (Dec: -0.3% y/y), a sign of weak domestic demand but

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	38,726.33	0.13
S&P 500	4,997.91	0.06
NASDAQ	15,793.71	0.24
Stoxx Eur 600	485.27	-0.07
FTSE 100	7,595.48	-0.44
Nikkei 225	36,863.28	2.06
CSI 300	3,364.93	0.64
Hang Seng	15,878.07	-1.27
Straits Times	3,142.91	-0.42
KLCI 30	1,512.36	-0.05
FX		
Dollar Index	104.17	0.10
EUR/USD	1.0778	0.06
GBP/USD	1.2617	-0.07
USD/JPY	149.32	0.77
AUD/USD	0.6492	-0.43
USD/CNH	7.2152	0.03
USD/MYR	4.7725	0.25
USD/SGD	1.3472	0.29
Commodities		
WTI (\$/bbl)	76.22	3.20
Brent (\$/bbl)	81.63	3.06
Gold (\$/oz)	2,032.20	-0.15
Copper (\$\$/MT)	8,193.50	-1.43
Aluminum(\$/MT)	2,221.50	-0.02
CPO (RM/tonne)	3,898.00	0.67

Source: Bloomberg, HLBB Global Markets Research
 * Dated as of 7 Feb for CPO

also partially due to the high base effect of last year's Lunar New Year celebration, as the lifting of COVID-19 restrictions triggered price fluctuations. Food prices were the main source of downward pressure and stripping this, core CPI also slowed to +0.4% y/y (Dec: +0.6% y/y). Meanwhile, producer prices (PPI) continued to struggle with deflationary pressures, albeit narrower than expected at -2.5% y/y (Nov: -2.7% y/y). As it is, the drop may put more pressure on PBoC to act quickly to avoid deflationary expectations to be entrenched amongst consumers.

Malaysia's foreign reserves fell slightly

- Foreign reserves fell slightly by \$0.3bn to \$114.8bn as of end-Jan (1H of Jan: +\$1.6bn). The reserves position is sufficient to finance 5.4 months of imports of goods and services and is 1.0 time of the total short-term external debt.

House View and Forecasts

FX	This Week	1Q-24	2Q-24	3Q-24	4Q-24
DXY	102-105	101.84	101.33	100.82	100.32
EUR/USD	1.07-1.10	1.10	1.11	1.11	1.10
GBP/USD	1.25-1.28	1.28	1.29	1.29	1.27
USD/JPY	146-150	142	140	137	134
AUD/USD	0.64-0.67	0.68	0.68	0.69	0.70
USD/MYR	4.71-4.78	4.69	4.66	4.62	4.56
USD/SGD	1.33-1.35	1.33	1.32	1.31	1.30

Rates, %	Current	1Q-24	2Q-24	3Q-24	4Q-24
Fed	5.25-5.50	5.25-5.50	5.00-5.25	4.50-4.75	4.50-4.75
ECB	4.50	4.50	4.25	3.75	3.50
BOE	5.25	5.25	5.25	5.00	4.50
BOJ	-0.10	-0.10	-0.10	0.00	0.00
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
9-18 Feb	CH Aggregate Financing CNY (Jan)	1940.0b
	CH FDI YTD YoY CNY (Jan)	-8.00%
13-Feb	US NY Fed 1-Yr Inflation Expectations (Jan)	3.01%
	AU Westpac Consumer Conf Index (Feb)	81
	JN PPI YoY (Jan)	0.00%
	AU NAB Business Conditions (Jan)	7
	UK Payrolled Employees Monthly Change (Jan)	-24k
	UK Weekly Earnings ex Bonus 3M/YoY (Dec)	6.60%
	EC ZEW Survey Expectations (Feb)	22.7
	US NFIB Small Business Optimism (Jan)	91.9
	US Real Avg Weekly Earnings YoY (Jan)	0.50%
	US CPI Ex Food and Energy YoY (Jan)	3.90%

Source: Bloomberg

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