

9 August 2024

## Global Markets Research

### Daily Market Highlights

## 9 Aug: S&P 500 chalked its best day since 2022

**Better-than-expected jobless claims eased fears that the US labour market is slowing sharply**

**Treasury yields rose across the curve led by the shorter-tenures; DXY closed above the flatline**

**All eyes on China's price prints & Malaysia's IPI today, the latter in a prelude to GDP next week**

- The US and European markets broadly recovered overnight after a much better than expected jobless claims data assuage fears that the labour market and US economy is easing sharply. The S&P 500 gained 2.3% d/d in the US, its best day since 2022 while Dow Jones Industrial Average and Nasdaq rallied 1.8% d/d and 2.9% d/d respectively. Also aiding markets was a weaker JPY, a relief to institutional investors who had to unwind their carry trade and contributed to the market rout on Monday. Meanwhile, corporate earnings results from Eli Lilly and Warner Bros. Discovery were mixed.
- In Europe, Stoxx Eur 600 closed 0.1% d/d higher after spending most of the session in the red. Media and real estate stocks were laggards, while health care and travel stocks gained. Asian markets closed mixed in choppy trading, but are poised for gains today tracking the futures and the improved sentiment in the US markets.
- Treasury yields climbed 3-8bps across the curve led by the front end following the jobless claims prints. The 2Y yield closed up 8bps to 4.04%, while the 10Y rose 5bps to 3.99%. 10Y European bond yields closed mixed within a narrow trading range of -1 to +3bps.
- In the forex market, DXY rallied to as high as 103.55 after the jobless claims data was released, but pared its gains in the afternoon session and closed the day just above the flatline at 103.21. The Dollar closed mixed against its G10 peers, with AUD (+1.1% d/d) outperforming all its peers after the RBA Governor said that the central bank won't hesitate to raise rates if need to. Haven currencies CHF (-0.6% d/d) and JPY (-0.4% d/d) were laggards, the latter after BOJ minutes showed that the monetary policy remains accommodative even after the central bank raised rates. Regional currencies closed mixed against the Dollar, with CNH weakening 0.2% d/d but MYR and SGD appreciated by 0.2-0.6% d/d to 4.4730 and 1.3256 respectively.
- Crude oil prices extended their rebound between 1.1-1.3% d/d amid escalating tension in the Middle East and after the cross-border attack by Ukrainian troops into Russia. Official data also showed that US crude stockpiles shrank the most for its 6<sup>th</sup> week to its lowest since February, allaying fears over faltering demand and supported prices.

#### US jobless claims eased more than expected and remains low

- Jobless claims fell more than expected by 17k to 233k for the week ended August 3 (Nov 27: +15k), while continuing claims rose at a slower pace of 6k to 1875k the week prior (Jul 20: +25k). As it is, claims have been volatile in recent weeks due to summer shutdowns of auto plants for retooling as well as temporary disruptions from Hurricane Beryl, but in short, jobless claims although low has trended higher for much of this year, suggesting a broadly

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	39,446.49	1.76
S&P 500	5,319.31	2.30
NASDAQ	16,660.02	2.87
Stoxx Eur 600	496.37	0.08
FTSE 100	8,144.97	-0.27
Nikkei 225	34,831.15	-0.74
CSI 300	3,342.94	0.04
Hang Seng	16,891.83	0.08
Straits Times	3,261.83	0.37
KLCI 30	1,590.38	-0.09
<b>FX</b>		
Dollar Index	103.21	0.01
EUR/USD	1.0919	-0.03
GBP/USD	1.2748	0.44
USD/JPY	147.23	0.37
AUD/USD	0.6593	1.14
USD/CNH	7.1842	0.15
USD/MYR	4.4730	-0.56
USD/SGD	1.3256	-0.16
<b>Commodities</b>		
WTI (\$/bbl)	76.19	1.28
Brent (\$/bbl)	79.16	1.06
Gold (\$/oz)	2,422.20	1.33
Copper (\$\$/MT)	8,794.50	0.29
Aluminum(\$/MT)	2,274.00	-0.61
CPO (RM/tonne)	3,876.00	-0.69

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

cooler labour market.

#### Japan's bank lending held steady; Eco Watchers Outlook index rose slightly

- The latest bank lending data and Eco Watchers Outlook index continued to signal moderate recovery for Japan, though there are signs of weakness recently on the household front. The former held steady at +3.2% y/y in July, while the latter improved 0.4ppts to 48.3. The outlook index is, nonetheless, below street estimates and gained at a narrower pace due to softer household-related DI for retail and housing. Going forward, this modest recovery is expected to continue, in a tug of war between stronger wage growth against impacts from higher inflation and interest rates.

#### House View and Forecasts

FX	This Week	3Q-24	4Q-24	1Q-25	2Q-25
DX	102-106	102.41	100.87	99.86	98.86
EUR/USD	1.07-1.11	1.11	1.12	1.10	1.08
GBP/USD	1.26-1.29	1.29	1.30	1.30	1.29
USD/JPY	143-152	145	143	140	137
AUD/USD	0.64-0.67	0.66	0.66	0.67	0.68
USD/MYR	4.39-4.54	4.50	4.40	4.35	4.30
USD/SGD	1.31-1.35	1.33	1.32	1.30	1.28

  

Rates, %	Current	3Q-24	4Q-24	1Q-25	2Q-25
Fed	5.25-5.50	5.00-5.25	4.50-4.75	4.25-4.50	4.00-4.25
ECB	3.75	3.50	3.25	3.00	2.75
BOE	5.00	5.00	4.75	4.50	4.25
BOJ	0.25	0.25	0.25	0.40	0.40
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
9-Aug	CH PPI YoY (Jul)	-0.80%
	CH CPI YoY (Jul)	0.20%
	MA Manufacturing Sales Value YoY (Jun)	5.50%
	MA Industrial Production YoY (Jun)	2.40%
9-15 Aug	CH New Yuan Loans CNY YTD (Jul)	13270.0b
12-Aug	US NY Fed 1-Yr Inflation Expectations (Jul)	3.02%

Source: Bloomberg

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