

11 January 2024

Global Markets Research

Daily Market Highlights

11 Jan: Quiet markets ahead of US CPI & bank earnings

Tech stocks led equities higher; US treasuries closed mixed; DXY weakened slightly

US mortgage applications rebounded; Australia's inflation eased, job vacancies fell

Oil prices surrendered gains after build-up in US crude stockpile

- US equity markets continued to trade in a tight range ahead of the key US inflation data and bank earnings, but a pick-up in tech stocks sent all the three major indices higher between 0.5-0.8% d/d. Meta Platform and Microsoft were the notable gainers, the former after Mizuho upped its target price. Meanwhile, Intuitive Surgical and Lennar also pulled the broad market index higher, the latter after it increased its annual dividend and the former after it raised growth outlook for fiscal year 2024. Boeing shares stabilised.
- In Fed speak, New York President John Williams offered no fresh insight into Fed's policy course, saying that the monetary policy is now tight enough to bring inflation back to target but added that rates need to stay restrictive for some time.
- European markets dipped for a second straight session as sentiment continues to stutter. In Asia, Nikkei blew past the 34k mark for the first time since March 1990 powered by consumer services stocks but other Asian markets slid. CSI 300 fell 0.5% d/d to near its 5-year low.
- In the Treasuries market, the yield on the 10Y was higher by about 2bps to 4.03% after hovering around the 4.00% mark throughout the beginning of the week. The 2Y yield slid 1bps to 4.36%. 10Y European bond yields closed mostly higher between 1-6bps.
- DXY continued to trade within a tight range of 102.34-102.64 before settling at 102.36 (-0.2% d/d), weakening against all its G10 peers save the JPY, NZD and CAD. Regional currencies, nonetheless, depreciated against the Dollar with the exception of INR, CNH and MYR. Both the CNH and MYR closed little changed at 7.1832 and 4.6420.
- Oil prices closed 1.0-1.2% d/d lower in another choppy session after a jump in US crude stockpiles raised worries about slower demand and overshadowed Red Sea risk. The Energy Information Administration reported that the US crude inventories rose by 1.3m barrels in the week ended January 5th. Early in the session, prices had rallied after Houthi rebels launched more attacks on merchant vessels.

US mortgage applications rebounded with a 9.9% w/w growth

- Despite an uptick in mortgage rates at the start of 2024, mortgage applications rebounded by 9.9% w/w for the week ended Jan 5 (Dec 29: -10.7% w/w). While the increase in both purchase and refinance applications is a promising start to 2024, overall activity has been volatile in recent weeks, and the latest uptick could likely be due to some catch-up in applications after the holiday season.
- Wholesale inventories was left unchanged at -0.2% m/m in November (Oct: -0.3% m/m) while trade sales came below expectations with zero growth for

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	37,695.73	0.45
S&P 500	4,783.45	0.57
NASDAQ	14,969.65	0.75
Stoxx Eur 600	476.42	-0.18
FTSE 100	7,651.76	-0.42
Nikkei 225	34,441.72	2.01
CSI 300	3,277.13	-0.47
Hang Seng	16,097.28	-0.57
Straits Times	3,179.96	-0.56
KLCI 30	1,486.86	-0.80
FX		
Dollar Index	102.36	-0.20
EUR/USD	1.0973	0.38
GBP/USD	1.2742	0.25
USD/JPY	145.76	0.89
AUD/USD	0.6700	0.19
USD/CNH	7.1832	-0.01
USD/MYR	4.6420	-0.01
USD/SGD	1.3316	0.05
Commodities		
WTI (\$/bbl)	71.37	-1.20
Brent (\$/bbl)	76.80	-1.02
Gold (\$/oz)	2,027.80	-0.26
Copper (\$\$/MT)	8,370.50	0.01
Aluminum(\$/MT)	2,232.50	-0.76
CPO (RM/tonne)	3,708.50	0.58

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 9 Jan for CPO

the month (Oct: -1.5% m/m). Consequently, the inventory/sales ratio fell to 1.34 (Oct: 1.35). Driving sales during the month was a pick-up in durable goods like automotive, furniture and electrical goods, suggesting a cooler, suggesting a still resilient consumer sector.

Bigger than expected easing in Australia's inflation; job vacancies fell

CPI moderated more than expected to +4.3% y/y in November (Oct: +4.9% y/y), its smallest increase since January 2022 and bolstering the case for a rate pause when the RBA meets next month. Prices of insurance and financial services gained the most across all industries followed by housing, food & non-alcoholic beverages and alcohol & tobacco. As it is, inflation continued to be impacted by items with volatile price changes like automotive fuel, fruit & vegetables and holiday travel, which distorted underlying inflation trend and thus stripping these, prices eased to +4.8% (Oct: +5.1%),

- Job vacancies fell for the sixth quarter by -0.7% q/q for the 3-months ended November (Aug -8.2% q/q). Despite this, the level of job vacancies remained elevated and were 70.8% higher than they were in February 2020, prior to the start of the pandemic, reflecting the continuing labour shortages in many industries. As it is, labour shortages are especially pronounced for consumer-facing industries like arts & recreation services as well as accommodation & food services.

House View and Forecasts

FX	This Week	1Q-24	2Q-24	3Q-24	4Q-24
DX	100-104	100	99	99	98
EUR/USD	1.08-1.11	1.11	1.11	1.10	1.09
GBP/USD	1.25-1.29	1.28	1.29	1.27	1.26
USD/JPY	142-146	139	137	135	133
AUD/USD	0.66-0.69	0.69	0.69	0.70	0.71
USD/MYR	4.60-4.66	4.55	4.50	4.45	4.39
USD/SGD	1.31-1.34	1.31	1.30	1.29	1.28

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
11-Jan	AU Exports MoM (Nov)	0.40%
	MA Manufacturing Sales Value YoY (Nov)	-1.40%
	MA Industrial Production YoY (Nov)	2.70%
	JN Leading Index CI (Nov P)	108.9
	US CPI Ex Food and Energy YoY (Dec)	4.00%
	US Initial Jobless Claims	202k
	US Real Avg Weekly Earnings YoY (Dec)	0.50%
11-18 Jan	CH FDI YTD YoY CNY (Dec)	-10.00%
12-Jan	JN Bank Lending Incl Trusts YoY (Dec)	2.80%
	AU Home Loans Value MoM (Nov)	5.40%
	JN Eco Watchers Survey Outlook SA (Dec)	49.4
	UK Monthly GDP (MoM) (Nov)	-0.30%
	US PPI Ex Food and Energy YoY (Dec)	2.00%
	CH Exports YoY (Dec)	0.50%

Source: Bloomberg

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