

13 August 2024

## Global Markets Research

### Daily Market Highlights

## 13 Aug: Calm markets ahead of key US economic data

**3Y inflation expectations prints declined, 1- and 5Y steady in a prelude to US CPI later this week**

**Oil prices jumped on geopolitical tensions in the Middle East; OPEC cut global demand forecast**

**Singapore narrowed 2024 GDP growth forecast to 2-3%; 2Q GDP growth maintained at +2.9%**

- The US financial markets started the week relatively calm, a sharp contrast to last Monday's sell off, as investors await the upcoming slew of 1<sup>st</sup> tier economic data due this week. Inflation data is due on Wednesday, and retail sales follows a day later. The 3 major indices gyrated between small gains and losses before closing mixed. The Dow Jones dropped 0.4% d/d, S&P 500 ended flat with 8 or the 11 sectors closing in red, while Nasdaq gained 0.2% d/d supported by Nvidia shares.
- Similarly, investors held-off from taking big bets in the European markets. Stoxx Euro closed just below the flatline, with telecoms and mining stocks leading gains while healthcare and real estate lagged. Asian stocks closed mixed and we expect investors to largely stay on the sideline today given the upcoming US data and geopolitical developments in the Middle East.
- Expectations of a tame CPI reading kept sellers at bay in the Treasury market, sending yields falling 2-5bps across the curve. Both the 2- and 4Y yields slid 4bps each to 4.02% and 3.90% respectively, while 10Y European bond yields closed mixed between +/-3bps.
- DXY traded narrowly between 103.09-103.31 before settling flat at 103.14. The Dollar closed mixed against its G10 peers, with NZD, DKK and EUR (0.1-0.3% d/d) leading gains against greenback while JPY, CAD and SEK (-0.1 to -0.4% d/d) lagged. Closer to home, all regional currencies depreciated against USD save the HKD. MYR led losses against the Dollar at -0.7% d/d (to 4.4540), while CNH and SGD weakened by less than 0.1% d/d each to 7.1784 and 1.3243 respectively.
- In the commodity market, oil prices traded higher even as OPEC lowered its global demand forecast on softer demand from China. Supporting prices were fears of widening conflict in the Middle East after the Pentagon announced that it will dispatch more forces to the region on potential attacks by Iran or Hezbollah on Israel. Both the WTI and Brent rallied 3.3-4.2% d/d to close above \$80/barrel each.

### New York Fed: Medium-term inflation expectations declined; short and long-term unchanged

- Survey of consumer expectations by the New York Fed showed that inflation expectations were stable at the short- and longer-term horizons, and consumers were confident that it would ease in the medium-term. The 3Y inflation expectations fell sharply by 0.6ppts to 2.3%, a new low while the 1Y and 5Y ahead inflation expectations were unchanged at 3.0% and 2.8% respectively.

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	39,357.01	-0.36
S&P 500	5,344.39	0.00
NASDAQ	16,780.61	0.21
Stoxx Eur 600	499.08	-0.02
FTSE 100	8,210.25	0.52
Nikkei 225	35,025.00	0.56
CSI 300	3,325.87	-0.17
Hang Seng	17,111.65	0.13
Straits Times	3,235.38	-0.81
KLCI 30	1,606.66	0.66
<b>FX</b>		
Dollar Index	103.14	0.00
EUR/USD	1.0931	0.13
GBP/USD	1.2770	0.07
USD/JPY	147.21	0.41
AUD/USD	0.6586	0.12
USD/CNH	7.1784	0.06
USD/MYR	4.4540	0.68
USD/SGD	1.3243	0.03
<b>Commodities</b>		
WTI (\$/bbl)	80.06	4.19
Brent (\$/bbl)	82.30	3.31
Gold (\$/oz)	2,462.40	1.25
Copper (\$\$/MT)	9,026.50	1.80
Aluminum(\$/MT)	2,305.50	0.17
CPO (RM/tonne)	3,848.50	0.39

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

### Japan's producer prices accelerated slightly

- Producer prices (PPI) accelerated for the seventh month to 3.0% y/y in July (June: +2.9% y/y). The data, was nonetheless, below expectations and m/m gains were observed across board led by higher electricity and gas prices. As it is, the weak yen also kept import prices elevated during the month, pushing up prices to 0.4% m/m and +0.5% y/y (June: -0.2% m/m and +0.5% y/y).

### Singapore kept growth momentum for 2Q; narrowed 2024 forecast to 2-3%

- Singapore's economy grew at the same pace as initially estimated in 2Q. The economy grew by 2.9% y/y in 2Q, extending the 3.0% y/y growth the previous quarter. On a q/q basis, growth also held steady at +0.4%. With the economy expanding 3.0% y/y in 1H, MTI narrowed the GDP growth forecast for 2024 to 2-3% from 1-3% previously.
- On a y/y basis, growth in 2Q was primarily driven by the wholesale trade, finance & insurance as well as information & communications sectors. By contrast, the manufacturing sector shrank, largely due to a contraction in the biomedical manufacturing cluster due to pharmaceuticals output. The electronics cluster returned to growth, supported by strong demand for smartphone, PC and AI-related chips. Consumer-facing sectors such as the retail trade and food & beverage services sectors also contracted, partly due to an increase in outbound travel by locals.

### House View and Forecasts

FX	This Week	3Q-24	4Q-24	1Q-25	2Q-25
DXY	101-105	102.41	100.87	99.86	98.86
EUR/USD	1.08-1.11	1.11	1.12	1.10	1.08
GBP/USD	1.26-1.29	1.29	1.30	1.30	1.29
USD/JPY	144-150	145	143	140	137
AUD/USD	0.64-0.68	0.66	0.66	0.67	0.68
USD/MYR	4.43-4.51	4.50	4.40	4.35	4.30
USD/SGD	1.31-1.34	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
13-Aug	AU Westpac Consumer Conf SA MoM (Aug)	-1.10%
	AU Wage Price Index YoY (2Q)	4.10%
	AU NAB Business Confidence (Jul)	4
	UK Weekly Earnings ex Bonus 3M/YoY (Jun)	5.70%
	UK ILO Unemployment Rate 3Mths (Jun)	4.40%
	EC ZEW Survey Expectations (Aug)	43.7
	US NFIB Small Business Optimism (Jul)	91.5
	US PPI Final Demand YoY (Jul)	2.60%
14-Aug	UK CPI Core YoY (Jul)	3.50%
	UK PPI Output NSA YoY (Jul)	1.40%
	UK House Price Index YoY (Jun)	2.20%
	EC GDP SA QoQ (2Q P)	0.30%
	EC Employment QoQ (2Q P)	0.30%

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US MBA Mortgage Applications	6.90%
US Real Avg Weekly Earnings YoY (Jul)	0.60%
US CPI Ex Food and Energy YoY (Jul)	3.30%

Source: Bloomberg

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