

15 October 2024

Global Markets Research

Daily Market Highlights

15 Oct: The Dow and S&P 500 notched record high

Dollar Index climbed to its 10-week high as Fed officials call for modest rate cuts

China trade and loan data missed forecasts; CNH weakened as policy briefing disappoints

Oil prices slipped on tempered geopolitical worries; lower demand forecast by the OPEC

- Continuous rally in Nvidia and other tech stocks, supported by broad-based gains powered the Dow to close above 43k for the first time in history and S&P 500 hitting another all-time high. The broad market index climbed 0.8% d/d, while the Dow added another 0.5% d/d. Nasdaq led the rally by increasing 0.9% d/d, as positive sentiment continued to linger supported by the healthy labour market data recently, while inflation prints continued to point to easing price pressures. Strong corporate earnings also supported risk appetite amongst investors, and this week, investors will be watching out for corporate earnings from Bank of America, Goldman Sachs and Johnson & Johnson.
- Elsewhere, European stocks also started the week on a higher note led by tech stocks, while Asian markets mostly rose despite a day of choppy trade for CSI 300 after the underwhelming China's policy briefing and are expected to continue their uptick today following the US and supported by the retreat in oil prices.
- The US bond market was closed for Columbus Day but trading in European markets continued to remain largely muted given the empty economic calendar and ahead of the ECB's policy decision at the end of the week. Yields to the 10Y bonds closed mixed between -1 to +3bps.
- In the forex space, DXY climbed 0.4% d/d to 103.30, a 10-week high in a holiday-thinned trading day and the Dollar strengthened against all its G10 peers but closed mixed against regional currencies. Gains in DXY nonetheless moderated from its intraday high of 103.36 after Fed Governor Waller commented that the Fed should proceed with caution on interest rate cuts, while Minneapolis' Kashkari said that further modest rate cuts will be suitable going forward. Leading losses against the greenback were NOK, CHF and SEK while in Asia, CNH and SGD weakened 0.3-0.4% d/d after China's disappointing policy briefing and despite Singapore's better than expected 3Q GDP print and no change in its policy stance. MYR depreciated 0.2% d/d to 4.2970 and looks on track to break 4.30s soon.
- Crude oil prices plunged by more than 2.0% d/d, amidst easing supply concerns after reports that Israel does not plan to strike Iran's nuclear or oil facilities, and after China's highly anticipated policy briefing disappointed investors with its lack of details. Adding to the gloom was OPEC trimming its demand forecast to 1.9mb/d in 2024, down from 2.0mb/d previously. The cartel also shaved its global demand forecast for 2025 1.6mb/d from 1.7mb/d previously.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	43,065.22	0.47
S&P 500	5,859.85	0.77
NASDAQ	18,502.69	0.87
Stoxx Eur 600	524.76	0.53
FTSE 100	8,292.66	0.47
Nikkei 225	39,605.80	0.57
CSI 300	3,961.34	1.91
Hang Seng	21,092.87	-0.75
Straits Times	3,595.91	0.62
KLCI 30	1,636.54	0.18
FX		
Dollar Index	103.30	0.40
EUR/USD	1.0909	-0.26
GBP/USD	1.3059	-0.06
USD/JPY	149.76	0.42
AUD/USD	0.6726	-0.36
USD/CNH	7.0956	0.35
USD/MYR	4.2970	0.19
USD/SGD	1.3085	0.28
Commodities		
WTI (\$/bbl)	73.83	-2.29
Brent (\$/bbl)	77.46	-2.00
Gold (\$/oz)	2,647.80	-0.37
Copper (\$\$/MT)	9,659.50	-1.35
Aluminum(\$/MT)	2,594.00	-1.46
CPO (RM/tonne)	4,406.00	0.50

Source: Bloomberg, HLBB Global Markets Research

* Dated as of 11 Oct for CPO

China's trade and financing data missed estimates

- China's trade data missed estimates in September, raising concerns about one of the few bright spots in the otherwise weak economy. Both exports and imports slowed to 2.4% y/y and 0.3% respectively (prior: +8.7% y/y and +0.5% y/y), the latter in another sign of soft domestic demand. Exports to key markets like Japan, South Korea and Taiwan fell, while shipments to the EU and US rose at a slower pace.
- New yuan loans were also significantly below forecasts at 16.0tn yuan for the period Jan-Sep, as weak business and consumer confidence continued to weigh on corporate and household loans. The sharper than expected deceleration in both trade and financing numbers suggests soft external and domestic demand, and increased urgency for officials to draw up a firm plan for its stimulus package and faster disbursement of funds.

House View and Forecasts

FX	This Week	4Q-24	1Q-24	2Q-25	3Q-25
DX	101-105	101.56	100.54	99.53	99.04
EUR/USD	1.08-1.11	1.11	1.12	1.13	1.14
GBP/USD	1.29-1.32	1.33	1.35	1.36	1.37
USD/JPY	145-151	146	142	138	135
AUD/USD	0.66-0.69	0.68	0.69	0.70	0.71
USD/MYR	4.25-4.34	4.25	4.20	4.15	4.10
USD/SGD	1.29-1.32	1.31	1.29	1.27	1.25

Rates, %	Current	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.75-5.00	4.25-4.50	3.75-4.00	3.50-3.75	3.25-3.50
ECB	3.50	3.25	3.00	2.75	2.50
BOE	5.00	4.75	4.50	4.25	4.00
BOJ	0.25	0.25	0.40	0.40	0.55
RBA	4.35	4.35	4.10	3.85	3.60
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
15-Oct	UK Average Weekly Earnings 3M/YoY (Aug)	4.00%
	UK ILO Unemployment Rate 3Mths (Aug)	4.10%
	EC ZEW Survey Expectations (Oct)	9.3
	EC Industrial Production SA MoM (Aug)	-0.30%
	US Empire Manufacturing (Oct)	11.5
	US NY Fed 1-Yr Inflation Expectations (Sep)	3.00%
15-25 Oct	CH 1-Yr Medium-Term Lending Facility Rate	2.00%
16-Oct	AU Westpac Leading Index MoM (Sep)	-0.05%
	JN Core Machine Orders MoM (Aug)	-0.10%
	UK CPI Core YoY (Sep)	3.60%
	UK PPI Output NSA YoY (Sep)	0.20%
	UK House Price Index YoY (Aug)	2.20%
	US MBA Mortgage Applications	-5.10%
	US New York Fed Services Business Activity (Oct)	0.5
	US Import Price Index YoY (Sep)	0.80%

Source: Bloomberg

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