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Global Markets Research

Daily Market Highlights

19 Jan: Global equity markets rebounded on tech sector

Treasury market closed mixed; DXY gained on better-than-expected job data

Mixed US housing - starts fell for the first time in four months; building permits rebounded

Softer job market in Australia; Japan's CPI eased for the second month

- Tech companies, led by Apple, powered the market and shook off a three-day slump, sending all the three major indices up between 0.5-1.4% d/d. Apple shares gained 3.3% d/d after Bank of America upgraded the stock to "buy" on potential from AI and headset. Supporting optimism over the tech sector was also Taiwan Semiconductor Manufacturing Co, after the world's largest chipmaker expects 2024 sales to grow by low- to mid-20%, backing hopes for a global tech recovery.
- European markets also rebounded after the 3-day rout, supported by luxury and tech stocks. However, Watches of Switzerland plunged after the retailer slashed its FY revenue forecast. In Asia, both Hang Seng and CSI 300 rebounded, although the latter continued to languish near its 5-year lows.
- In the Treasuries market, 10-year UST yields closed up 4bps to 4.14% after climbing as high as 4.15%, its highest level since December 13 post a better-than-expected jobless claims data. The 2-year, on the other hand, fell 1bps to 4.35%. 10-year European bond yields closed higher between 1-6bps save the Norwegian and UK bonds.
- DXY firmed up to a high of 103.63 following the strong labor report but retreated slightly to close at 103.54 (+0.1% d/d), mixed against its G10 peers. USD was even against JPY, appreciated against EUR, but weakened against GBP. Regional currencies closed stronger against USD save for the THB and MYR, the latter closing just slightly weaker at 4.7190.
- Oil prices rose between 1.6-2.1% d/d as tension in the Middle East ratcheted higher. Supporting prices were also a large drawdown in US crude inventories of 2.5m last week, and to its lowest level since October. The IEA meanwhile said that supply from the US, Brazil, Canada and Guyana will lead to another year of robust additions from outside OPEC and its allies.

US housing starts fell but permits rebounded; claims fell more than expected

- Driven by single family homes and probably seasonal effects, housing starts fell for the first time in four months, dropping 4.3% m/m in December (Nov: +10.8% m/m). Nonetheless, building permits, measure of future construction rebounded to +1.9% m/m (Nov: -2.1% m/m) as builders expect the housing market and affordability to improve as borrowing costs fall. As it is, both indicators came above consensus forecasts.
- Initial jobless claims fell more than expected by 16k to 187k for the week ended January 13 (Jan 6: No change), its lowest level since September 2022 and in tandem with this, continuing claims also slid 26k to 1806k the week prior (Dec 30: -36k). While there is no change in our view of a still resilient labour market, it should be noted that data at the beginning of the year could be volatile and partially distorted by seasonal effects. For example,

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	37,468.61	0.54
S&P 500	4,780.94	0.88
NASDAQ	15,055.65	1.35
Stoxx Eur 600	470.45	0.59
FTSE 100	7,459.09	0.17
Nikkei 225	35,466.17	-0.03
CSI 300	3,274.73	1.41
Hang Seng	15,391.79	0.75
Straits Times	3,139.78	-0.08
KLCI 30	1,479.18	-0.81
FX		
Dollar Index	103.54	0.08
EUR/USD	1.0876	-0.06
GBP/USD	1.2706	0.24
USD/JPY	148.16	0.00
AUD/USD	0.6573	0.32
USD/CNH	7.2160	-0.08
USD/MYR	4.7190	0.04
USD/SGD	1.3441	-0.04
Commodities		
WTI (\$/bbl)	74.08	2.09
Brent (\$/bbl)	79.10	1.57
Gold (\$/oz)	2,021.60	0.75
Copper (\$\$/MT)	8,310.00	0.51
Aluminum(\$/MT)	2,163.50	-0.67
CPO (RM/tonne)	3,862.00	-0.39

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 17 Jan for CPO

New York posted the steepest declines during the week after a large increase the prior week, as school workers in the district are allowed to apply for benefits during the winter and spring breaks.

- Philadelphia Fed Business Outlook index improved less than expected to -10.6 in January (Dec: -12.8), continuing to point to a weak manufacturing sector. New orders and shipments rose but remained negative, the employment index suggests steady levels of employment, while the price indices increased but were below their long-run averages. The gauge for future activity declined, suggesting less widespread expectations for overall growth over the next six months.

Australia's unemployment rate held steady at 3.9% despite the plunge in employment numbers

- Key labour indicators still point to a tight market, although the creeping unemployment rate since November 2022 as well as a slowdown in the growth of employment and hours worked suggests that the labour market is starting to slow. In December, the unemployment rate held steady at 3.9% and employment weakened more than expected to -65k. However, the fall in employment followed the larger than usual employment growth in October and November (+117k), while the employment-to-population ratio and participation rate both held near its record highs in November.

Japan's inflation eased for the second month

- Both headline and core inflation eased for the second month to +2.6% y/y and +2.3% y/y respectively in December (Nov: +2.8% y/y and +2.5% y/y), the latter matching forecast but the former above street estimate. While the latest data support BOJ's view that the cost-push inflationary pressure indeed easing and another reason for the central bank to stay pat next week, we noted that largely driving the softer prices driving the month was the continued contraction in utility cost. Prices for discretionary items like entertainment, clothing and footwear have, on the other hand, accelerated.

Hong Kong's unemployment low and steady at 2.9%

- Unemployment rate held low and steady at 2.9% for the 3 months ended December. Moving forward, the labour market should stay tight in the near term supported by further recovery of inbound tourism and resilient consumer spending but tempered by negative effects from the still unfavourable external demand.

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	1.26-1.30	1.28	1.29	1.27	1.26
USD/JPY	144-149	139	137	135	133
AUD/USD	0.65-0.69	0.69	0.69	0.70	0.71
USD/MYR	4.63-4.72	4.55	4.50	4.45	4.39
USD/SGD	1.32-1.35	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
19-Jan	MA Exports YoY (Dec)	-5.90%
	UK Retail Sales Inc Auto Fuel MoM (Dec)	1.30%
	US U. of Mich. Sentiment (Jan P)	69.7
	US Existing Home Sales MoM (Dec)	0.80%
	MA GDP YoY (4Q A)	3.30%
22-Jan	CH 5-Year Loan Prime Rate	4.20%
	CH 1-Year Loan Prime Rate	3.45%
	MA CPI YoY (Dec)	1.50%
	MA Foreign Reserves	\$113.5b
	HK CPI Composite YoY (Dec)	2.60%
	US Leading Index (Dec)	-0.50%
22-29 Jan	SI Singapore MAS January 2024 Monetary Policy Statement	

Source: Bloomberg

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