

Global Markets Research
Daily Market Highlights

23 Feb: Nvidia powered global equity markets to all-time highs

S&P 500, Stoxx Eur 600 and Nikkei 225 hit records even if global PMIs were mixed

UST yields closed mixed, DXY closed below 104 amidst strong home sales and labour data

All eyes on inflation prints for both Malaysia and Singapore today

- The S&P 500 surged to another record high after chip giant Nvidia reported much stronger quarterly results the prior day, lifting the broader market and tech sector. The S&P 500 gained 2.1% d/d, while Dow Jones Industrial Average added 1.2% d/d. Nasdaq outperformed at +3.0% d/d with shares of Nvidia popping 16.4% d/d due to its blockbuster result driven by its booming artificial intelligence business. Other tech names were also higher, with Facebook parent Meta, Amazon, Microsoft and Netflix all advancing more than 2% d/d each.
- Nvidia results also helped send Nikkei 225 up 2.2% to close above 39k, surpassing its all-time high in 1989. Stoxx Eur 600 rallied 0.8% d/d, also hitting a record high, joining its Wall Street and Japanese peers. Concentration of returns was nonetheless largely focused on 4 stocks, chip equipment maker ASML Holding NV, Danish drugmaker Novo Nordisk A/S, German software giant SAP SE and French luxury goods manufacturer LVMH.
- Treasury yields closed mixed. The 2Y gained 5bps to 4.71% and the 10Y closed just above the flatline at 4.32% after jobless claims data sank more than expected and added fuel to a bond selloff. 10Y European bond yields closed mixed between +/-4bps.
- DXY closed mildly down by 0.1% d/d to 103.96, below the 104-handle for the first time since 2nd February and paring its gains earlier in the day after the US PMI miss. Most G10 currencies strengthened against USD save the NOK, CHF and JPY. Similarly, most regional currencies also appreciated against USD with the exception of CNH and HKD.
- Oil prices rose 0.8-0.9% d/d after a smaller than expected increase in US crude stockpiles added to signs of a tightening physical market.

S&P PMIs showed desynchronised growth across the majors and sectors

- US companies continued to report an expansion in activity in February, albeit at a slower than expected pace. The flash S&P Composite PMI eased to 51.4 (Jan: 52.0) as a softer-than expected downtick in services activity (51.3 vs 52.5) weighed on overall growth. Manufacturing (51.5 vs 50.7), meanwhile, unexpectedly saw a renewed increase in production amid an improvement in supply chains after adverse weather the previous month. This is a 17-month high. Cost pressures, meanwhile, dissipated further during the month.
- Eurozone's composite PMI contracted at the slowest rate in 8 months at 48.9 in February, an improvement from January's 47.9, as an uptick in the services sector (50.0 vs 48.4) offset a bigger contraction in manufacturing (46.1 vs 46.6). The composite and services indices were above consensus, while manufacturing was below. Business confidence about the year ahead improved, hitting a 10-month high and encouraged firms to raise staffing levels

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	39,069.11	1.18
S&P 500	5,087.03	2.11
NASDAQ	16,041.62	2.96
Stoxx Eur 600	495.10	0.82
FTSE 100	7,684.49	0.29
Nikkei 225	39,098.68	2.19
CSI 300	3,486.68	0.86
Hang Seng	16,742.95	1.45
Straits Times	3,222.94	0.18
KLCI 30	1,545.49	-0.45
FX		
Dollar Index	103.96	-0.05
EUR/USD	1.0823	0.04
GBP/USD	1.2660	0.17
USD/JPY	150.53	0.15
AUD/USD	0.6557	0.09
USD/CNH	7.2021	0.04
USD/MYR	4.7755	-0.39
USD/SGD	1.3430	-0.07
Commodities		
WTI (\$/bbl)	78.61	0.90
Brent (\$/bbl)	83.67	0.77
Gold (\$/oz)	2,019.70	-0.13
Copper (\$\$/MT)	8,584.50	0.50
Aluminum(\$/MT)	2,198.00	-0.97
CPO (RM/tonne)	4,000.00	0.08

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 21 Feb for CPO

at a pace not seen since last July, adding to signs that the eurozone's downturn is moderating. By country, a deepening contraction in Germany and sustained fall in France were countered by faster growth in the rest of the region.

- UK economic growth unexpectedly accelerated in February, with the flash composite PMI pointing to the largest rise in business activity for 9 months at 53.3 (Jan: 52.9). This is by no means a one-off improvement, as faster growth has been recorded for 4 straight months. February data showed that the service economy was unchanged at 54.3, while manufacturing PMI remained contractionary, although the rate of decline eased to 47.1 (Jan: 47.0). Of note, hopes of a sustained rebound in domestic economic conditions led to the highest level of optimism regarding the year ahead business outlook since February 2022.
- The Japanese private sector softened in February, with the flash Jibun Bank Composite PMI retreating to 50.3 (Jan: 51.5). February saw slower expansion in services (52.5 vs 53.1) while manufacturing (47.2 vs 48.0) recorded its steepest contraction for the year. Firms were also the least upbeat since January 2023, and is expected to stay this way given the moderation in its new orders index. On the bright note, the employment index reached an 8-month high.

Existing home sales expanded despite record high home prices in the US; Jobless claims fell to its lowest in a month

- Existing home sales remained sizeably lower by 1.7% y/y and expanded less than forecast by 3.1% m/m to 4.00m in January (Dec: -0.8% m/m). Nonetheless, the monthly gain reflects more supply and demand for homes in the market, with listings modestly higher and home buyers taking advantage of the lower mortgage rates during the month. Tight housing inventory (3.0-month supply at the current sales vs 3.1 months), meanwhile, kept an upward pressure on prices, sending median home price to its all-time high of \$379.1k, a +5.1% y/y increase. According to NAR, multiple offers were common on mid-priced homes, many homes were still sold within a month and there was an elevated share of cash deals (32%).
- Both initial and continuing jobless claims fell more than expected to their lowest in a month, underscoring continued strength in the labour market despite a growing number of high-profile job cuts at large companies. Initial claims fell 12k to 201k in the week ended February 17 (Feb 10: -7k, while continuing claims, a proxy for the total number of people receiving unemployment benefits, dropped 27k to 1862k the week prior (Feb 3: +24k).
- The Chicago Fed National Activity Index recorded its first contraction in 3-months, worsening more than expected to -0.30 in January (Dec: +0.02). A reading below zero signals below-trend growth and easing pressure on future inflation. Only 26 of the 85 indicators made positive contributions to the index.

UK's consumer confidence unexpectedly worsened

- GfK consumer confidence index unexpectedly worsened to -21 in February (Jan: -19), ending a 3-month run of improvements and suggesting that consumers will not carry the economy into a brighter economic future in the near term. Most gauges fell during the month, but on a positive front, households were relatively upbeat on finances in the year ahead.

Hong Kong's CPI moderated visibly due to high base effect

- CPI moderated visibly and by more than expected to +1.7% y/y in January (Dec: +2.4% y/y) and netting out the effects of all Government's one-off relief measures, the y/y increase also eased to 0.8% y/y (Dec: +1.4% y/y). The smaller

increase during the month was partly due to the base effect from the different timing of the Lunar New Year and by component, led by declines in prices of basic food and those of energy-related items. Prices of meals out & takeaway food, and clothing & footwear saw relatively fast increases while price pressures on other major components remained broadly in check. Looking ahead, overall inflation should remain moderate in the near term as external prices ease, but this will be negated by upward pressures from domestic demand costs as the economy continues to grow.

Malaysia's foreign reserves grew by \$0.6bn in 1H of February

- Foreign reserves rebounded and rose by \$0.6bn in 1H of February to \$115.4bn as at 15 February (2H of Jan: -\$0.3bn). The reserves position is sufficient to finance 5.5 months of imports of goods and services and is 1.0 time of the total short-term external debt.

House View and Forecasts

FX	This Week	1Q-24	2Q-24	3Q-24	4Q-24
DXY	102-106	101.84	101.33	100.82	100.32
EUR/USD	1.06-1.09	1.10	1.11	1.11	1.10
GBP/USD	1.24-1.28	1.28	1.29	1.29	1.27
USD/JPY	146-152	142	140	137	134
AUD/USD	0.64-0.67	0.68	0.68	0.69	0.70
USD/MYR	4.74-4.80	4.69	4.66	4.62	4.56
USD/SGD	1.33-1.36	1.33	1.32	1.31	1.30

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
23-Feb	CH New Home Prices MoM (Jan)	-0.45%
	MA CPI YoY (Jan)	1.50%
	SI CPI YoY (Jan)	3.70%
	EC ECB 1 Year CPI Expectations (Jan)	3.20%
26-Feb	JN PPI Services YoY (Jan)	2.40%
	SI Industrial Production SA MoM (Jan)	-1.70%
	UK CBI Total Dist. Reported Sales (Feb)	-33
	US New Home Sales MoM (Jan)	8.00%
	US Dallas Fed Manf. Activity (Feb)	-27.4

Source: Bloomberg

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