

23 October 2024

Global Markets Research

Daily Market Highlights

23 Oct: IMF expects steady global growth

IMF: smooth landing despite downside risks; upgrade in US GDP; downgrade for China

Global equities and bonds remained under pressure; mixed corporate earnings results

DXY gained on prospects of a Trump win and his inflationary policies

- Global equity and bond markets remained under pressure for the second day. In the US, trading was cautious as traders weighed the flurry of mixed corporate earnings results, ongoing anxiety over the US elections as well as higher Treasury yields. The S&P 500 ended the session lower by 0.1% d/d, paring some of the morning's steeper losses. The Dow also closed just below the flatline but Nasdaq outperformed with a small gain of 0.2% d/d.
- The selloff in the bond market also dented appetite for European equity markets, sending Stoxx Eur 600 sliding 0.2% d/d. The travel & leisure and technology sectors outperformed; the latter boosted by software giant SAP SE. Asian markets trailed the US and broadly fell, except for the CSI 300 and Hang Seng, and are expected to trade mixed today following futures.
- In the Treasury market, the 10Y yield rose 1bps to 4.21%, a level not seen since July, while the 2Y yield closed just above the flatline at 4.03%. In the European markets, the sell-off in 10Y bonds were milder with yields closing up 2-5bps (prior: 5-15bps).
- In the forex space, DXY gained 0.1% d/d to 104.08 on prospects of Donald Trump winning the election, which would likely bring about inflationary policies like tariff hikes. G10 currencies closed mixed against the Dollar, with JPY, EUR and GBP depreciating 0-0.2% d/d. On central bank speaks, President Christine Lagarde said that ECB's pace of rate cuts has yet to be determined while Executive Director Takeshi Kato commented that the BOJ is carefully assessing upside risks from rising import prices due to the weak yen. Regional currencies mostly weakened against USD led by PHP, IDR and MYR, the latter depreciating 0.5% d/d to 4.3280. SGD and CNH closed flattish at 1.3163 and 7.1357 respectively.
- Crude oil prices extended gains for another day as the Iran-Israel conflict persists even as US Secretary of State Anthony Blinken met with Israel's Prime Minister Benjamin Netanyahu to broker a truce deal. The WTI closed up 2.2% d/d, while Brent rallied 2.4% d/d.

IMF expects stable but underwhelming global growth

- In its latest World Economic Outlook, **the IMF expects global growth (3.3% in 2023, 3.2% in 2024 & 2025) to remain stable yet uninspiring, with smooth landing within reach.** While the IMF upgraded its forecast for the US (+0.2ppt to 2.8% in 2024 and +0.3ppt to 2.2% in 2025), this was offset by 0.1-0.4ppt downgrades to the EU area (0.8% in 2024 and 1.2% in 2025). UK's economic growth is expected to accelerate from 0.3% in 2023 to 1.1% in 2024 (+0.4ppts) and 1.5% in 2025 (no change), while Japan is expected to ease sharply from 1.7% in 2023 to 0.3% (-0.4ppts) in 2024, before rebounding to 1.1% (+0.1ppts)

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	42,924.89	-0.02
S&P 500	5,851.20	-0.05
NASDAQ	18,573.13	0.18
Stoxx Eur 600	520.40	-0.21
FTSE 100	8,306.54	-0.14
Nikkei 225	38,411.96	-1.39
CSI 300	3,957.78	0.57
Hang Seng	20,498.95	0.10
Straits Times	3,587.41	-0.75
KLCI 30	1,642.54	-0.19
FX		
Dollar Index	104.08	0.06
EUR/USD	1.0799	-0.15
GBP/USD	1.2984	-0.01
USD/JPY	151.08	0.16
AUD/USD	0.6682	0.35
USD/CNH	7.1357	-0.01
USD/MYR	4.3280	0.48
USD/SGD	1.3163	0.00
Commodities		
WTI (\$/bbl)	72.09	2.17
Brent (\$/bbl)	76.04	2.36
Gold (\$/oz)	2,744.20	0.77
Copper (\$\$/MT)	9,583.00	0.25
Aluminum(\$/MT)	2,633.50	1.46
CPO (RM/tonne)	4,388.00	0.11

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

in 2025. China's economic growth is expected to decelerate from 5.2% in 2023 to 4.8% in 2024 (-0.2ppts) and 4.5% (no change) in 2025.

- **Balance of risks is tilted down** due to: 1) geopolitical tensions. 2) market volatility which could tighten financial conditions. 3) slump in China's property sector and trade tensions which could spill over into slower global trade. 3) disruptions to the disinflation process which could complicate monetary policies easing.
- **Global headline inflation is expected to ease from 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025**, with advanced economies returning to their CPI targets sooner than emerging market and developing economies. Goods prices have stabilized, but **services price inflation remains elevated** in many regions.

Mixed regional indices for the Richmond and Philadelphia

- Regional indicators varied between the Richmond and Philadelphia Fed districts. While Richmond Fed's manufacturing and business conditions indices remained contractionary at -14 and -4 in October (prior: -21 and -3), suggesting slow economic activities overall, the Philadelphia Fed Non-Manufacturing Activity index rebounded to +6.0 from -6.1 previously. Firms also continue to expect growth over the next 6 months in the Philadelphia district.

Hong Kong's inflation rate remains mild at 2.2%

- Inflation remained modest in September, easing more than expected to 2.2% y/y from 2.5% y/y previously as the pick-up in food prices more than offset declines in prices of energy-related items as well as moderate price pressures for other major components. Inflation is expected to stay tame going forward, with some moderate upward pressures on domestic cost likely negated by easing global inflation.

Malaysia's foreign reserves edged down slightly in 1H of October

- After rising the most of 3Q, foreign reserves edged down slightly by \$0.1bn in 1H of October to \$119.6bn as at 15 October (2H of Sept: +\$2.1bn to \$119.7bn). The reserves position is sufficient to finance 4.8 months of retained imports and is 0.9 times of the total short-term external debt.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	102-105	101.56	100.54	99.53	99.04
EUR/USD	1.07-1.10	1.11	1.12	1.13	1.14
GBP/USD	1.28-1.32	1.33	1.35	1.36	1.37
USD/JPY	147-152	146	142	138	135
AUD/USD	0.65-0.69	0.68	0.69	0.70	0.71
USD/MYR	4.26-4.35	4.25	4.20	4.15	4.10
USD/SGD	1.30-1.33	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	3.25	3.00	2.75	2.50	2.25
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
23-Oct	SI CPI Core YoY (Sep)	2.70%
	US MBA Mortgage Applications	-17.0%
	EC Consumer Confidence (Oct P)	-12.9
	US Existing Home Sales MoM (Sep)	-2.50%
24-Oct	US Federal Reserve Releases Beige Book	
	AU Judo Bank Australia PMI Mfg (Oct P)	46.7
	AU Judo Bank Australia PMI Services (Oct P)	50.5
	JN Jibun Bank Japan PMI Mfg (Oct P)	49.7
	JN Jibun Bank Japan PMI Services (Oct P)	53.1
	MA CPI YoY (Sep)	1.90%
	EC HCOB Eurozone Manufacturing PMI (Oct P)	45
	EC HCOB Eurozone Services PMI (Oct P)	51.4
	UK S&P Global UK Manufacturing PMI (Oct P)	51.5
	UK S&P Global UK Services PMI (Oct P)	52.4
	UK CBI Trends Total Orders (Oct)	-35
	US Chicago Fed Nat Activity Index (Sep)	0.12
	US Initial Jobless Claims	241k
	US S&P Global US Manufacturing PMI (Oct P)	47.3
	US S&P Global US Services PMI (Oct P)	55.2
	US New Home Sales MoM (Sep)	-4.70%
	US Kansas City Fed Manf. Activity (Oct)	-8

Source: Bloomberg

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