

24 October 2024

## Global Markets Research

### Daily Market Highlights

## 24 Oct: All eyes on the PMIs for the majors today

**US stocks and bonds remained under pressure; USD gained on election jitters**

**CAD depreciated slightly after the Bank of Canada cut rates by 50bps as expected**

**Singapore's core CPI accelerated; MAS likely to keep monetary stance; SGD weakened**

- Higher Treasury yields and cautiousness over corporate earnings results continue to dent appetite for US stocks, sending the 3 major equity indices sharply lower by 0.9-1.6% d/d overnight. Corporate earnings were nonetheless mixed, with Coca-Cola and Boeing disappointing but AT&T surprised on the upside. Tesla and IBM reported after the bell - Tesla beating forecasts while IBM reported soft consulting sales. McDonald's closed more than 5% d/d lower after the CDC said that they are investigating Quarter Pounders as a source of E. coli outbreak.
- Most sectors and major bourses in the European markets also closed in the red following the risk-off sentiment. Corporate earnings were aplenty and mixed, from Deutsche Bank to Volvo. Asian stocks were the outlier and mostly gained, with Tokyo Metro shares soaring more than 40% on debut.
- In the bond space, Treasury yields continued rising led by the front-end tenures. The 2Y rose 5bps to 4.08%, while the 10Y increased 4bps to 4.25%. In Europe, 10 sovereign bonds rallied as traders added to bets of jumbo rate cuts, sending yields sliding 0-4bps (prior: +2 to +5bps) save for the Swedish and Norwegian bonds as well as UK gilts.
- Higher Treasury yields, prospects of less aggressive rate cuts and positioning ahead of the US election lent support for the Dollar for another day, sending the currency strengthening against all its G10 peers and DXY closing up 0.3% d/d to 104.42. Leading losses against USD were AUD (-0.7% d/d) and JPY (-1.1% d/d to 152.76), JPY amidst nervousness ahead of its election this weekend. EUR and GBP weakened 0.2% d/d and 0.5% d/d respectively, while CAD depreciated 0.1% d/d after the **Bank of Canada cut rates by 50bps to 3.75% as expected**. Similarly, regional currencies mostly weakened against USD with MYR and SGD depreciating 0.5% d/d each to 4.3512 and 1.3230, but CNH closed flat at 7.1358.
- Crude oil prices fell 0.6-1.7% d/d after data showing that US crude inventories swelled to 5m barrels last week, more than expected.

#### Economic activity in the US was little changed according to the Fed Beige Book; existing home sales fell near to its 14Y low

- Highlights from the latest Beige Book includes: 1) Economic activity was little changed in most districts and respondents were more optimistic about the longer-term outlook. 2) Most reported declining manufacturing activity, but reports on consumer spending were mixed. Some noted shifts in the composition of purchases, mostly toward less expensive alternatives. 3) Activity in the banking sector was steady to up slightly. Loan demand was mixed, with some districts noting improved outlook due to the decline in interest rates.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,514.95	-0.96
S&P 500	5,797.42	-0.92
NASDAQ	18,276.65	-1.60
Stoxx Eur 600	518.84	-0.30
FTSE 100	8,258.64	-0.58
Nikkei 225	38,104.86	-0.80
CSI 300	3,973.21	0.39
Hang Seng	20,760.15	1.27
Straits Times	3,600.78	0.37
KLCI 30	1,641.53	-0.06
<b>FX</b>		
Dollar Index	104.42	0.34
EUR/USD	1.0782	-0.16
GBP/USD	1.2921	-0.49
USD/JPY	152.76	1.11
AUD/USD	0.6634	-0.72
USD/CNH	7.1358	0.00
USD/MYR	4.3512	0.54
USD/SGD	1.3230	0.51
<b>Commodities</b>		
WTI (\$/bbl)	71.05	-1.65
Brent (\$/bbl)	75.16	-0.63
Gold (\$/oz)	2,729.00	-1.23
Copper (\$\$/MT)	9,503.00	-1.21
Aluminum(\$/MT)	2,656.50	0.74
CPO (RM/tonne)	4,432.50	1.01

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 22 Oct for CPO

- The Beige Book also reported that housing market activity held up, with inventory continuing to grow while home values largely held steady or rose slightly. Uncertainty about the path of mortgage rates and lack of affordable housing, nonetheless, kept some buyers on the sidelines. In fact, data released separately showed that mortgage applications decreased 6.7% w/w for the week ended October 18 (prior: -17.0% w/w), while existing home sales defied forecasts and dropped to almost a 14-year low in September (-1.0% m/m and -2.0% m/m).

#### **Eurozone's consumer confidence improved, but remains below long-term average**

- Matching expectations, consumer confidence for the euro area improved to -12.5 in October from -12.9 previously. Despite this, the index at this level remains slightly below its long-term average posing downside risks to consumer spending going forward.

#### **Economic activity in Australia contracted at a smaller pace, according to the PMI**

- October's PMI recorded a modest increase in composite (49.8 vs 49.6). Again, manufacturing activities (46.6 vs 46.7) were much weaker than services (50.6 vs 50.5), and this could pose headwinds to growth. Nonetheless, services make up more than 80% of Australia's economic output, and as such, the economy should continue to expand for the rest of 4Q, with a favourable mix of easing inflation pressures and rising employment levels, as reflected in the sub-indices.

#### **Singapore's core inflation unexpectedly accelerated to 2.8%; MAS likely to keep monetary stance**

- Inflation readings were mixed but above consensus forecasts, with headline easing to 2.0% y/y in September (prior: +2.2% y/y) but core accelerated to 2.8% y/y from +2.7% y/y previously, the latter driven by retail & other goods. Despite an uptick for the latter, core inflation is on track to hit MAS' forecast of 2.5-3.0% this year, but defies expectations that it will stay on a gradual moderating trend towards 2% by year end. As such, this has and should continue to justify MAS' policy stance of gradually strengthening S\$ trade-weighted exchange rate stance to temper Singapore's imported inflation in the January monetary policy meeting.

#### **House View and Forecasts**

<b>FX</b>	<b>This Week</b>	<b>4Q-24</b>	<b>1Q-25</b>	<b>2Q-25</b>	<b>3Q-25</b>
DX	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

<b>Rates, %</b>	<b>Current</b>	<b>4Q-24</b>	<b>1Q-25</b>	<b>2Q-25</b>	<b>3Q-25</b>
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
24-Oct	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
	UK GfK Consumer Confidence (Oct)	-20
25-Oct	JN Tokyo CPI Ex-Fresh Food YoY (Oct)	2.00%
	SI Industrial Production SA MoM (Sep)	6.70%
	EC ECB 1 Year CPI Expectations (Sep)	2.70%
	EC ECB 3 Year CPI Expectations (Sep)	2.30%
	US Durables Ex Transportation (Sep P)	0.50%
	US Cap Goods Orders Nondef Ex Air (Sep P)	0.30%
	US U. of Mich. Sentiment (Oct F)	68.9
	US Kansas City Fed Services Activity (Oct)	-2

Source: Bloomberg

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