

28 August 2024

## Global Markets Research

### Daily Market Highlights

## 28 Aug: Nvidia results on deck after the bell today

**Mild gains for US stocks; US treasuries closed mixed; DXY settled 0.3% lower**

**US consumer confidence improved slightly; home prices hit all-time high**

**The rally in oil prices took a breather despite production halt in one of Libya's field**

- Trading in Wall Street overnight was sluggish with investors largely await Nvidia's results after the bell today. As it is, investors bet another blowout quarter for Nvidia, and sent shares of the AI giant rallying 1.5% d/d. The three major US equity indices eking out miniscule gains between 0-0.2% d/d. There was little economic data of importance, although the Conference Board's consumer confidence index did improve more than expected. Stocks also found some stable footing after Fed Chair Jerome Powell signaled that the central bank will cut rates.
- In Europe, Stoxx Eur 600 closed 0.2% d/d higher after a choppy session, supported by travel stocks. Asia markets closed mixed with CSI 300 pulling back 0.6% d/d as investors weighed the industrial profit data from China. Asian markets are poised to edge lower today following futures and as investors brace for swings in Nvidia shares post its earnings print.
- Treasuries closed mixed, with the benchmark 2Y yield falling 4bps to 3.90%, while the 10Y rose 1bps to 3.82%. 10Y European bond yields also increased between 3-7bps.
- DXY fluctuated between gains and losses before closing the day 0.3% d/d lower at 100.55 and the Dollar weakened against all its G10 peers. NOK and NZD outpaced their regional peers at 0.8% d/d each, while regional currencies closed mixed against the USD. CNH, MYR and SGD appreciated between 0-0.2% d/d to close at 7.1215, 4.3480 and 1.3011 respectively.
- Oil prices took a breather after three days of rally and closed the day 2.3--2.4% d/d lower. Just a recap, the rally was driven by the escalating tension in the Middle East and threats of supply disruption in Libya, and at the point of writing, production at the El-Feel field has halted.

### US consumer confidence rose slightly; S&P CoreLogic home prices hit all-time high

- The Conference Board's Consumer Confidence Index rose more than expected to 103.3 in August (prior: 101.9) as consumers were more positive on business conditions, both current (134.4 vs 133.1) and future (82.5 vs 81.1). Although still positive, consumers were nonetheless more concerned about the labour market, rattled by the market rout in early August and a bit less upbeat about future income.
- In the housing market, matching expectations, the S&P CoreLogic CS home price reached a new all-time high in June despite a broadly decelerating trend (5.4% y/y vs 5.9% y/y), while separate data from the FHFA also showed that house prices slowed to 5.7% y/y in June (prior: 5.9% y/y), but this marks an unexpected 0.1% m/m decline (prior: flat). As it is, the slower pace of appreciation in 2Q was likely due to higher inventory of homes for sale and

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	41,250.50	0.02
S&P 500	5,625.80	0.16
NASDAQ	17,754.82	0.16
Stoxx Eur 600	518.88	0.16
FTSE 100	8,345.46	0.21
Nikkei 225	38,288.62	0.47
CSI 300	3,305.33	-0.57
Hang Seng	17,874.67	0.43
Straits Times	3,398.47	0.07
KLCI 30	1,652.29	0.81
<b>FX</b>		
Dollar Index	100.55	-0.30
EUR/USD	1.1184	0.21
GBP/USD	1.3261	0.55
USD/JPY	143.96	-0.39
AUD/USD	0.6793	0.31
USD/CNH	7.1215	-0.02
USD/MYR	4.3480	-0.02
USD/SGD	1.3011	-0.23
<b>Commodities</b>		
WTI (\$/bbl)	75.53	-2.44
Brent (\$/bbl)	79.55	-2.31
Gold (\$/oz)	2,516.00	-0.07
Copper (\$\$/MT)	9,448.00	1.72
Aluminum(\$/MT)	2,549.50	0.30
CPO (RM/tonne)	4,025.00	1.81

Source: Bloomberg, HLBB Global Markets Research

\* Dated as of 26 Aug for CPO

elevated mortgage rates and thus, lower interest rates should support demand/affordability going forward.

- On the regional front, regional indices worsened across both sectors and districts. The Richmond Fed Manufacturing Index unexpectedly worsened to -19 in August from -17 previously, weighed down by the worsening new orders and employment sub-indices and firms growing less optimistic about local business conditions. The district's service index also worsened to -13 from -9 previously, although firms were more optimistic about the future. In the Dallas district, the Services Activity index fell to -7.7 for the same month from -0.1 previously, suggesting modest growth for the sector. Optimism over future business activity also waned due to the revenue sub-component. The employment and capital expenditures remained in positive territory.

#### **UK retail sales volume fell at a narrower pace in August**

- According to the CBI, retail sales volumes fell for the third consecutive month in the year to August, but a smaller decline compared to July (-27% vs -43%) and is expected to narrow further in September. Contractions were observed in the wholesale and motor trade sectors and retailers reported increased caution in terms of investment and hiring plans due to weak demand. On a positive note, although households still feel the pinch from the elevated cost-of-living, firms began to see some tailwinds from rising real wages for consumers.

#### **China's industrial profits climbed 4.1% in July due to low-base effect**

- Industrial profits climbed 4.1% y/y in July, gaining momentum as compared to 3.6% y/y previously and bringing YTD gains to +3.6% y/y. A favourable low base effect was the main reason for the uptick and we remain sceptical on profit margin going forward due to still weak domestic demand, low prices and headwinds from the external sector due to trade tensions come 2025. By sector, mining profits fell due to coal, while manufacturing profit held steady, supported by the telecommunication and motor vehicles sectors.

#### **Hong Kong's exports grew at a much faster pace of 13.1% in July**

- Exports grew at a much faster pace of 13.1% y/y in July, an acceleration from +10.7% y/y as exports to the Mainland, the US and EU continued to expand notably and driven by double-digit growth in exports of electrical machinery as well as office machines & automatic data processing machines. Moving forward, exports are expected to hold up if the global economy continues to grow steadily and the US avoids a recession, but geopolitical tensions and trade conflicts could pose downside risk to exports towards 2025.

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

<b>FX</b>	<b>This Week</b>	<b>3Q-24</b>	<b>4Q-24</b>	<b>1Q-25</b>	<b>2Q-25</b>
DXY	100-103	102.41	100.87	99.86	98.86
EUR/USD	1.09-1.13	1.11	1.12	1.10	1.08
GBP/USD	1.29-1.33	1.29	1.30	1.30	1.29
USD/JPY	143-150	145	143	140	137
AUD/USD	0.65-0.69	0.66	0.66	0.67	0.68
USD/MYR	4.34-4.42	4.50	4.40	4.35	4.30
USD/SGD	1.30-1.33	1.33	1.32	1.30	1.28

<b>Rates, %</b>	<b>Current</b>	<b>3Q-24</b>	<b>4Q-24</b>	<b>1Q-25</b>	<b>2Q-25</b>
Fed	5.25-5.50	5.00-5.25	4.50-4.75	4.25-4.50	4.00-4.25
ECB	3.75	3.50	3.25	3.00	2.75
BOE	5.00	5.00	4.75	4.50	4.25

BOJ	0.25	0.25	0.25	0.40	0.40
RBA	4.35	4.35	4.35	4.10	3.85
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

## Up Next

Date	Events	Prior
28-Aug	AU CPI Trimmed Mean YoY (Jul)	4.10%
	US MBA Mortgage Applications	-10.10%
29-Aug	JN Consumer Confidence Index (Aug)	36.7
	EC Economic Confidence (Aug)	95.8
	US GDP Annualized QoQ (2Q S)	2.80%
	US Advance Goods Trade Balance (Jul)	-\$96.8b
	US Initial Jobless Claims	232k
	US Pending Home Sales MoM (Jul)	4.80%

Source: Bloomberg

## Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

[HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

## DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favourable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.