

Global Markets Research

Daily Market Highlights

4 Dec: Cautious note expected given political chaos overseas

Traders still expect a rate cut in December FOMC meeting despite strong labour data

S&P 500 & Nasdaq saw extended gains; UST yields mostly rose; DXY fell

All eyes on the Beige Book & ISM; political development in France & South Korea today

- The S&P 500 and Nasdaq continued to rally and hit new records again, albeit at a narrower pace of 0.1% and 0.4% d/d respectively after fresh data showed that US labour market remained solid and job openings rose more than expected, and that investors were largely confident that the Fed will deliver another cut in two weeks' time. While traders pared its rate cut bets slightly after the JOLTS print, markets are still pencilling in a 72% probability of another 25bps cut in the December FOMC meeting, in line with our house view as well as Fed President Mary Daly's comment overnight that a rate cut remains on the table, although not a given.
- Meanwhile, investors remained cautious and refrained from making big risky bets amid the political turmoil overseas. New-York listed South Korean stocks and KRW tumbled after South Korea's president declared martial law, a move that was ended by its parliament hours later. In France, far-right leader Marine Le Pen said that she is prepared to join forces with the left-wing coalition and back a no-confidence vote against Prime Minister Michael Barnier.
- In Europe, Stoxx Eur 600 ended the day up 0.4% d/d up, with retail and construction stocks outperforming while defensive stocks lagged, while in Asia, equities took US tech curbs on China in stride and closed higher. The latter, is nonetheless, likely to open on a cautious note today given the political chaos in South Korea.
- In the bond space, Treasury yields mostly rose following the jobs print. While the 2Y closed flat at 4.18%, the 10Y rose 4ps to 4.23%. 10Y European bond yields closed mixed between +/-3bps after falling in tune to 1-6bps the day before.
- In the forex space, the DXY closed 0.1% d/d lower at 106.37 and the Dollar closed mixed against its G10 peers. AUD, GBP and EUR appreciated between 0.1-0.2% d/d against USD, the latter despite the political turmoil in France. JPY closed flat at 149.60 and is likely to remain well supported today given its safe haven status.
- Regional currencies closed mixed against USD, with KRW underperforming its peers with a 1.7% d/d fall. CNH weakened 0.2% d/d as traders added to bearish bets on China growth amid more trade restrictions from the US, while MYR depreciated 0.2% d/d to 4.4695. Meanwhile, SGD closed flat at 1.3449 against greenback during the day.
- In the commodity space, oil prices climbed more than 2.0% d/d ahead of the OPEC+ meeting and after the US imposed more sanctions targeting Iranian crude oil.

Solid US labour data; job vacancies rose more than expected

- Echoing Fed's view of a solid labour market, JOLTS job openings rose more than expected to 7.7m in October from 7.4m previously. The ratio of job

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	44,705.53	-0.17
S&P 500	6,049.88	0.05
NASDAQ	19,480.91	0.40
Stoxx Eur 600	515.53	0.37
FTSE 100	8,359.41	0.56
Nikkei 225	39,248.86	1.91
CSI 300	3,951.89	0.11
Hang Seng	19,746.32	1.00
Straits Times	3,786.13	0.93
KLCI 30	1,606.96	0.72
FX		
Dollar Index	106.37	-0.08
EUR/USD	1.0509	0.10
GBP/USD	1.2673	0.14
USD/JPY	149.60	0.00
AUD/USD	0.6486	0.17
USD/CNH	7.2998	0.18
USD/MYR	4.4695	0.22
USD/SGD	1.3449	0.00
Commodities		
WTI (\$/bbl)	69.94	2.70
Brent (\$/bbl)	73.62	2.49
Gold (\$/oz)	2,644.70	0.37
Copper (\$\$/MT)	9,111.50	1.32
Aluminum(\$/MT)	2,609.50	0.75
CPO (RM/tonne)	5,253.00	1.02

Source: Bloomberg, HL Bank
* CPO dated as of 2 December

openings to unemployed also inched up to 1.11 from 1.08 previously, driven by increased vacancies for professional & business services, accommodation & food services and information. Accompanying data also showed that the number of layoffs were little changed at 1.6m (+169k), and this will likely support consumer spending going forward. As it is, hurricanes and strikes likely distorted labour prints for the month, but with rebuilding efforts underway and strikes in Boeing ended, a pick-up in job growth is anticipated in November especially in industries like construction and aerospace.

Australia's services PMI revised up to expansionary zone

- The final S&P Services PMI was revised up 0.9ppts to 50.5 in November (prior: 51.0). However, near term outlook remains mixed, with slower new orders contradicting its highest future output index in 30 months, suggesting moderate growth going forward. Price pressures remain on an easing trend, auguring well for the lowering of interest rates in 2025.

House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-109	105.78	105.51	103.40	102.37
EUR/USD	1.04-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.25-1.29	1.28	1.28	1.31	1.32
USD/JPY	146-154	153	153	148	146
AUD/USD	0.64-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.40-4.48	4.40	4.40	4.30	4.26
USD/SGD	1.33-1.36	1.33	1.33	1.31	1.29

Rates, %	Current	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.50-4.75	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
ECB	3.25	3.00	2.75	2.50	2.25
BOE	4.75	4.75	4.50	4.25	4.00
BOJ	0.25	0.25	0.50	0.50	0.50
RBA	4.35	4.35	4.35	4.10	3.85
BNM	3.00	3.00	3.00	3.00	3.00

Source: HL Bank

Up Next

Date	Events	Prior
4-Dec	HK S&P Global Hong Kong PMI (Nov)	52.2
	JN Jibun Bank Japan PMI Services (Nov F)	50.2
	SI S&P Global Singapore PMI (Nov)	55.5
	AU GDP SA QoQ (3Q)	0.20%
	CH Caixin China PMI Services (Nov)	52
	EC HCOB Eurozone Services PMI (Nov F)	49.2
	UK S&P Global UK Services PMI (Nov F)	50
	EC PPI YoY (Oct)	-3.40%
	US MBA Mortgage Applications	6.30%
	US ADP Employment Change (Nov)	233k
	US S&P Global US Services PMI (Nov F)	57
	US Factory Orders (Oct)	-0.50%
	US ISM Services Index (Nov)	56
	US Federal Reserve Releases Beige Book	
5-Dex	AU Exports MoM (Oct)	-4.30%
	AU Household Spending MoM (Oct)	-0.10%
	SI Retail Sales SA MoM (Oct)	0.40%
	UK DMP 1 Year CPI Expectations (Nov)	2.50%
	EC Retail Sales MoM (Oct)	0.50%
	US Challenger Job Cuts YoY (Nov)	50.90%
	US Trade Balance (Oct)	-\$84.4b
US Initial Jobless Claims	213k	

Source: Bloomberg

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