

Global Markets Research

Daily Market Highlights

## 12 Dec: US CPI matched forecasts and reinforced rate cut bets

**Risk-on sentiment in financial markets; Nasdaq crossed above 20k; sell-off in Treasuries  
BOC signals cautious easing ahead; Beijing reportedly considering letting yuan weaken  
ECB likely to cut policy rates by 25bps today; EUR weakened ahead of the decision**

- Nasdaq broke above 20k for the first time ever, lifted by the AI rally and as US CPI matched consensus forecasts, bolstering rate cut bets next week. The tech-heavy index rose 1.8% d/d, while the broad market S&P 500 gained 0.8% d/d. Broadcom was a notable gainer among tech stocks, following reports that the chipmaker was working on an AI chip with Apple, while Alphabet continued to rally amid excitement over its quantum chip.
- The Dow was the outlier and dipped 0.2% d/d, weighed down by consumer staples and healthcare stocks, the latter weighed down by reports that a bipartisan coalition of US lawmakers are introducing a legislation that would force health insurers and drug middlemen to divest their pharmacy businesses.
- Elsewhere, Stoxx Eur 600 inched up 0.3% d/d after the US inflation print, with media stocks leading gains. Asian stocks closed mixed but are poised to climb today, tracking Wall Street and futures.
- In the bond space, Treasury yields retreated after the US CPI, then rebounded. The long-end underperformed, with the 10Y yield finishing at 4.27% (+5bps), while the 2Y closed at 4.15% (+1bps). 10Y European bond yields closed mixed between -2 to +6bps (prior: -3 to +5bps) ahead of the ECB meeting today, where markets are pencilling in another 25bps cut in its policy rates.
- In the forex space, DXY edged up 0.3% d/d to 106.71 following the higher UST yields and the Dollar strengthened against all its G10 peers save NOK and CAD. The loonie appreciated 0.2% d/d after the Bank of Canada cut its policy rate by half point, but signalled cautious easing ahead. EUR depreciated 0.3% d/d before ECB's meeting, while JPY (-0.3% d/d) also underperformed after reports showed that BOJ sees "little cost" to waiting for the next rate hike.
- China-exposed currencies were pressured amid reports that Beijing is considering letting its currency weaken in response to US trade threats. This not only sent AUD and CNH tumbling 0.1% d/d and 0.3% d/d, but also exert downward pressures on most regional currencies including SGD (-0.2% d/d to 1.3447) and MYR (-0.1% d/d to 4.4330).
- In the commodities market, crude oil prices jumped 1.8-2.5% d/d on reports that the Biden administration is considering additional sanctions on Russia's oil trade, a move that could tighten the market.

### US inflation print solidified rate cut bets next week

- US inflation prints were in line with consensus forecasts, while real average hourly earnings eased slightly to 1.3% y/y in November from 1.4% y/y previously, both solidifying rate cut bets next week. Headline inflation accelerated to 2.7% y/y in November (prior: 2.6% y/y) as prices for food picked up pace, while energy prices fell at a slower rate, while core held

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	44,148.56	-0.22
S&P 500	6,084.19	0.82
NASDAQ	20,034.89	1.77
Stoxx Eur 600	519.95	0.28
FTSE 100	8,301.62	0.26
Nikkei 225	39,372.23	0.01
CSI 300	3,988.83	-0.17
Hang Seng	20,155.05	-0.77
Straits Times	3,792.82	-0.54
KLCI 30	1,603.20	-0.36
<b>FX</b>		
Dollar Index	106.71	0.29
EUR/USD	1.0496	-0.29
GBP/USD	1.2751	-0.16
USD/JPY	152.45	0.33
AUD/USD	0.6369	-0.13
USD/CNH	7.2791	0.29
USD/MYR	4.4330	0.14
USD/SGD	1.3447	0.21
<b>Commodities</b>		
WTI (\$/bbl)	70.29	2.48
Brent (\$/bbl)	73.52	1.84
Gold (\$/oz)	2,733.80	1.34
Copper (\$\$/MT)	9,192.00	-0.27
Aluminum(\$/MT)	2,601.00	-0.29
CPO (RM/tonne)	5,334.50	-0.15

Source: Bloomberg, HL Bank

\* CPO dated as of 10 December

steady and elevated at 3.3% y/y and +0.3% m/m. The index for shelter rose 0.3% m/m, accounting for nearly 40% of the monthly increase, while prices of vehicles, household furnishings, medical care and recreation also increased during the month.

- In the housing market, mortgage applications continued with its upward trend, increasing by 5.4% w/w for the week ended December 6 (prior: 2.8% w/w) as lower mortgage rates spurred both purchase and refinance applications. In addition to lower rates, purchase activity will also benefit from pent-up demand and higher inventory moving forward.

### House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	104-108	105.78	105.51	103.40	102.37
EUR/USD	1.04-1.07	1.05	1.05	1.07	1.08
GBP/USD	1.26-1.29	1.28	1.28	1.31	1.32
USD/JPY	147-153	153	153	148	146
AUD/USD	0.63-0.67	0.65	0.66	0.67	0.68
USD/MYR	4.39-4.46	4.40	4.40	4.30	4.26
USD/SGD	1.32-1.36	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
12-Dec	AU Unemployment Rate (Nov)	4.10%
	EC ECB Deposit Facility Rate	3.25%
	US PPI Final Demand YoY (Nov)	2.40%
	US Initial Jobless Claims	224k
13-Dec	JN Tankan Large Mfg Index (4Q)	13
	UK GfK Consumer Confidence (Dec)	-18
	UK Monthly GDP (MoM) (Oct)	-0.10%
	UK BoE/Ipsos Inflation Next 12 Mths (Nov)	2.70%
	EC Industrial Production SA MoM (Oct)	-2.00%
	US Import Price Index YoY (Nov)	0.80%

Source: Bloomberg

#### **General Disclaimer by the Bank**

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 in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report 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 HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness 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 HL Bank or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

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 nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in ‘market making’ of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. 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 in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank 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, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. 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 agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.