

Global Markets Research

Daily Market Highlights

## 29 Oct: Financial markets in wait-and-see mood

Positive sentiment in stocks markets ahead of job data and earnings results from megacaps

DXY closed slightly up; JPY led losses against the USD after LDP's less than majority win

Crude oil prices tumbled after Israel spared Iran's crude facilities in its weekend hit

- The three US major equity indices started the week on a positive note, ahead of earnings from a host of megacap companies, key economic data and the final stretch of the November 5 presidential election. The Dow led gains at 0.7% d/d, while Nasdaq and S&P 500 gained +0.3% d/d each. Most sectors in the broad market index closed in the green, most notably from the Magnificent Seven who rallied ahead of their results. Weekend airstrikes by Israel against Iran also did not hit oil or nuclear facilities as feared, assuaging worries over escalating geopolitical tension and helped support sentiment.
- Easing geopolitical concerns also lifted appetite for European markets, sending FTSE 100 and Stoxx Eur 600 up 0.5% d/d and 0.4% d/d respectively. Media and construction stocks led gains for the latter but energy stocks fell, tracking the decline in oil prices. Asian markets closed mixed, with Nikkei 225 climbing 1.8% d/d even after the ruling Liberal Democratic Party (LDP) lost its majority in the election. Asian markets are expected to close in red today following the futures and Wall Street overnight.
- Treasury yields extended losses for another day as investors await key labour data later in the week, sending Treasury yields up 3-5bps across the curve (prior: +3bps). The 2Y yield closed up 3bps to 4.14%, while the 10Y yield rose 4bps to 4.28%. Meanwhile, 10Y European bond yields closed 1-3bps lower (prior: +1 to +6bps) save for the Norwegian sovereign bonds and UK gilts.
- DXY closed 0.1% d/d higher at 104.32, and the Dollar closed mixed against its G10 peers. JPY tumbled 0.6% d/d to 153.29 against the Dollar after LDP's less than majority win, while AUD also led G10 losses at -0.4% d/d. On the other hand, EUR and GBP appreciated 0.2% d/d and 0.1% d/d respectively to 1.0812 and 1.2972 against the greenback. Meanwhile, most regional currencies weakened against the Dollar led by IDR, MYR (-0.5% d/d to 4.3622) and THB. CNH and SGD also depreciated, albeit at a narrower pace of 0.2% d/d and 0.1% d/d respectively, to 7.1449 and 1.3227.
- In the crude oil market, both the WTI and Brent tumbled 6.1% d/d each after Israel spared Iran crude facilities in its weekend attack, easing supply concerns.

Key Market Metrics	Level	d/d (%)
<b>Equities</b>		
Dow Jones	42,387.57	0.65
S&P 500	5,823.52	0.27
NASDAQ	18,567.19	0.26
Stoxx Eur 600	520.95	0.41
FTSE 100	8,285.62	0.45
Nikkei 225	38,605.53	1.82
CSI 300	3,964.16	0.20
Hang Seng	20,599.36	0.04
Straits Times	3,584.08	0.00
KLCI 30	1,610.47	-0.48
<b>FX</b>		
Dollar Index	104.32	0.06
EUR/USD	1.0812	0.15
GBP/USD	1.2972	0.08
USD/JPY	153.29	0.64
AUD/USD	0.6583	-0.38
USD/CNH	7.1449	0.15
USD/MYR	4.3622	0.45
USD/SGD	1.3227	0.11
<b>Commodities</b>		
WTI (\$/bbl)	67.38	-6.13
Brent (\$/bbl)	71.42	-6.09
Gold (\$/oz)	2,742.90	0.07
Copper (\$\$/MT)	9,541.50	-0.64
Aluminum(\$/MT)	2,645.50	-1.20
CPO (RM/tonne)	4,688.50	1.17

Source: Bloomberg, HL Bank

\* Dated as of 25 Oct for CPO

### Less pessimism amongst Dallas manufacturers

- The Dallas Fed Manufacturing Activity index moved up 6 points to -3 in October, suggesting that perceptions of broader business conditions remained negative, though pessimism waned a bit. Manufacturers are nonetheless positive on manufacturing activity 6-months ahead, with the future production and general business activity indices increasing to their highest in nearly 3 years.

### Autumn Budget dented business sentiment and retail sales in the UK

- Increased caution ahead of the Autumn Budget sent Lloyds Business Barometer sliding for the second month to 44 in October (prior: 47) and retail sales volumes, according to the CBI, falling at a modest pace of -6% for the same month. The latter followed marginal growth of +4% in September and will likely improve but remained broadly flat at -1% next month.

### Japan's labour market remains tight; jobless rates and job-to-applicants ratio unexpectedly improved

- In a sign of labour market strength that should support consumption forward, upward momentum in next year's annual spring labour wage negotiations as well as further policy rate hikes, jobless rate unexpectedly improved to 2.4% in September from 2.5% previously, while the job-to-applicant ratio also increased to 1.24 from 1.23.

### Softer export growth for Hong Kong due to US and major Asian markets

- Exports unexpectedly grew at a narrower pace of 4.7% y/y in September (Prior: +6.4% y/y) as exports to the US and major Asian markets retreated, and will likely be affected by escalating trade conflicts and global economic uncertainties moving forward. Imports also decelerated sharply by 1.4% y/y from +7.9% y/y previously, suggesting some signs of weak domestic demand and that GDP growth for 2024 will mostly likely be at the lower end of official's target of 2.5-3.5%.

### House View and Forecasts

FX	This Week	4Q-24	1Q-25	2Q-25	3Q-25
DXY	102-106	101.56	100.54	99.53	99.04
EUR/USD	1.07-1.10	1.11	1.12	1.13	1.14
GBP/USD	1.28-1.31	1.33	1.35	1.36	1.37
USD/JPY	147-154	146	142	138	135
AUD/USD	0.65-0.68	0.68	0.69	0.70	0.71
USD/MYR	4.30-4.37	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: HL Bank

### Up Next

Date	Events	Prior
29-Oct	UK Mortgage Approvals (Sep)	64.9k
	US Advance Goods Trade Balance (Sep)	-\$94.3b
	US FHFA House Price Index MoM (Aug)	0.10%
	US S&P CoreLogic CS US HPI YoY NSA (Aug)	4.96%
	US JOLTS Job Openings (Sep)	8040k
	US Conf. Board Consumer Confidence (Oct)	98.7
	US Dallas Fed Services Activity (Oct)	-2.6
29-30 Oct	SI Unemployment rate SA (Sep)	2.00%
30-Oct	AU CPI Trimmed Mean YoY (Sep)	3.40%
	JN Consumer Confidence Index (Oct)	36.9
	EC Economic Confidence (Oct)	96.2
	EC GDP SA QoQ (3Q A)	0.20%
	US MBA Mortgage Applications	-6.70%
	US ADP Employment Change (Oct)	143k

US GDP Annualized QoQ (3Q A)	3.00%
US Pending Home Sales MoM (Sep)	0.60%

Source: Bloomberg

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