

Oct 30, 2024

## Three Take-Aways

- 1) Lower job openings sent an invite for UST yields to head lower.
- 2) Soaring US consumer confidence backed the USD, giving little room for peers to advance despite lower UST yields.
- 3) BoJ hold is the path of least damage as FX and equities stability sought.

## MACRO THEME: Openings and Opportunities

- Coming in below market expectations, US JOLTS showed that **job openings declined** to 7.4m in September from a downwardly revised 7.9m in August. The **overall picture though was more mixed** as **hiring rose** from 5.4m to 5.5m and job separations was unchanged.

- As such, the softening of UST yields depicted more of cautious **opportunism** by UST bulls after the recent run up in yields ahead of the NFP print end this week.

- Furthermore, **US consumer confidence surging** on all fronts (present and expectation) backed those looking for a soft landing. US consumers also viewed the **current** labour market condition as improving positively with more saying that jobs are plentiful and more consumers also expected more jobs to be available in their 6-month **outlook**.

- Despite the rather buoyant outlook, US equities stayed cautious with a mixed performance.

- Oil prices also took another step back as Brent Crude fell towards US\$71/barrel with Israel appearing open to a truce in Lebanon.

### Yields (2Y: -3.9bps; 10Y: -2.8bps; 30Y: -3.1bps)

- UST yield curve bull steepening as lower job openings and oil prices conspire with strong auction demand for 7 year notes.

### Equities (Nasdaq: +0.8%; S&P: +0.2%; Dow: -0.4%)

- US equities turned in a mixed performance with Nasdaq being led by tech related gains while the Dow slipped. Markets will need to contemplate the strong earnings by Alphabet contrasting with sales slowdown projected by AMD.

### FX (DXY: +0.0%)

- Amid the lower UST yields, USD was similarly mixed as JOLTS dampened the US exceptionalism backdrop.

- With BoJ meeting looming tomorrow, JPY could not latch onto lower UST yields as USD/JPY stayed buoyed above 153. The EUR was also unable to make much headway, still hovering above 1.08.

- AUD slipped towards mid-65 cents ahead of CPI print this morning.

- GBP gained on expectations that Rachel Reeves will announce her first budget containing both tax hikes and additional borrowing.

## China: Raised Chips

- The Biden Administration finalised restrictions on investments in advanced technology, preventing flows of both financial and human capital into areas such as semiconductors, quantum computing and artificial intelligence.

- On that note, it is worth noting that a reported 10 trillion stimulus plan will be approved during a meeting of China's top legislative body from November 4-8. While the package is aimed at resolving local government debt woes and fund the revival of the property sector, there is understandably a variable component of support to offset potential raised antagonism should Trump 2.0 be ushered in.

## BoJ: Hold is the Path of Least Damage

- Status Quo: This will be an **uneventful Halloween meeting**, with the **BoJ set to maintain the status quo, stopping only just short of guaranteeing a hold**.

- Determining Neutral: For a start, the **BoJ has yet to ascertain neutral rates**. Consequently, the BoJ is **reserving judgment on how much higher rate** will have to go.

- But No Rush to Get There: Admittedly, the BoJ has conceded that rates will have likely have to go higher, But equally, Governor Ueda has stressed no rush to get there.

- Long Shadow of Deflation: Especially given that the fading outburst of inflation, given justifiable reasons to be worried about deflation risks re-emerging.

- The Fragile Consumer: Point being, for the fragile consumer, wage increments that fall short of inflation, may translate into compromised consumption rather than virtuous wage-price dynamics that may be sustained.

- Adverse JPY-Earnings-Nikkei Dynamics: Crucially, the **BoJ is wary of adverse earnings and balance sheet shocks from sudden jump in the JPY** (working through negative JPY-Nikkei correlations ) as was the case late- Jul through mid-Sep) after the BoJ hike.

- JPY Pressures Still a Risk-Nikkei Stability Caveat: Admittedly **JPY depreciating again since is still inconvenient in terms of imported inflation**. But is now a less severe a risk in the current global price cycle.

- The JPY-Nikkei Stability Caveat: And the **express conditioning of further policy action (hike)** on the **JPY and Nikkei stability speaks** to this.

- Nikkei Stability Edges Out Dampening JPY: And on balance, Nikkei downside risks appear to be a bigger worry. Hence a hike to lift the JPY (but at the expense of the Nikkei) is less compelling.

- Path of Least Damage: And so, the path of least damage may be to avoid a hike that induces unwelcome JPY strength that could exacerbate Nikkei sell-off.

## DATA/EVENTS

Overnight	Actual	Exp.	Prior
(SG) Unemployment rate SA (Sep)	1.8%	1.9%	2.0%
(JP) Jobless Rate (Sep)	2.4%	2.5%	2.5%
(US) JOLTS Job Openings (Sep)	7443k	8000k	7861k
(US) Adv. Goods Trade Balance (Sep)	-\$108.2	-\$96.0b	-\$94.3b
(US) Conf Board Consumer Confid. (Oct)	109	99.3	98.7
(US) Wholesale Inventories MoM (Sep P)	0.1%	0.1%	0.1%
Today/Tomorrow (SG PH)			
(AU) CPI/Trimmed Mean YoY (Sep)	2.1%/3.2%	2.9%/3.5%	2.7%/3.4%
(US) ADP Employment Change (Oct)		98k	143k
(US) GDP Annualized QoQ (3Q A)		3.0%	3.0%
(EZ) GDP SA YoY/QoQ (3Q A)		0.8%/0.2%	0.6%/0.2%
(CH) Mfg/Non-Mfg PMI (Oct)		50.0/50.5	49.5/50.0
(AU) Retail Sales/Building Approvals MoM (Sep)		0.2%/2.1%	0.7%/-6.1%
(TW) GDP YoY (3Q A)		3.4%	5.1%
(AU) Retail Sales/Building Approvals MoM (Sep)		0.2%/2.1%	0.7%/-6.1%
(US) Initial Jobless Claims		230k	227k
(US) PCE/Core Deflator YoY (Sep)		2.1%/2.6%	2.2%/2.7%
(EZ) CPI Est./Core YoY (Oct)		1.9%/2.6%	1.7%/2.7%
(EZ) Unemployment Rate (Sep)		6.4%	6.4%
<b>(JP) BoJ Target Rate</b>		<b>0.25%</b>	<b>0.25%</b>

## FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast	
USDJPY	153.36	153.28	+0.05%	151.50	- 155.00
EURUSD	1.0819	1.0820	+0.06%	1.0740	- 1.0860
GBPUSD	1.3015	1.3012	+0.33%	1.2870	- 1.3020
AUDUSD	0.6561	0.6559	▼0.33%	0.6570	- 0.6660
DXY	104.3	--	+0.00%	103.8	- 104.8
USDCNY	7.1291	--	▼0.00%	7.1100	- 7.1600
USDCNH	7.1428	7.1414	▼0.03%	7.1200	- 7.1800
USDHKD	7.7712	7.7711	▼0.01%	7.7600	- 7.7800
USDSGD	1.3241	1.3237	+0.11%	1.3150	- 1.3310
USDKRW	1384	1383	+0.00%	1375	- 1400
USDTWD	32.10	--	+0.02%	32.00	- 32.20
USDINR	84.08	--	+0.00%	84.00	- 84.20
USDIDR	15760	--	+0.22%	15550	- 15750
USDMYR	4.379	4.377	+0.37%	4.330	- 4.371
USDPHP	58.27	--	+0.05%	58.00	- 58.50
USDTHB	33.76	33.66	▼0.28%	33.50	- 34.10
USDVND	25304	25307	▼0.21%	25200	- 25415

\*Open is as at 8am HKT/SGT.

## MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.098	4.255	-4.3	-2.8
JGB (JP)	0.454	0.970	0.0	-0.2
Bunds (GE)	2.139	2.336	4.3	5.1
Gilts (UK)	4.254	4.314	5.1	6.1
AGB (AU)	3.977	4.446	-2.7	-3.5
SGS (SG)	2.712	2.835	-2.8	-2.3
CGB (CN)	1.485	2.154	-0.3	-0.3
KGB (KR)	3.125	2.953	-3.1	-4.3
SDL (IN)	6.855	6.723	0.2	0.0

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	165.91	165.84	+0.11%
GBP/JPY	199.607	199.441	+0.38%
JPY/SGD (100yen)	0.8636	0.864	+0.08%
JPY/HKD (100yen)	5.0673	5.07	▼0.06%
CNH/JPY	21.518	21.499	+0.10%
CNH/HKD	1.09	1.09	▼0.01%
EUR/GBP	0.8312	0.83154	▼0.28%
AUD/NZD	1.0984	1.0987	▼0.22%
EUR/CNH	7.7273	7.727	+0.03%
GBP/CNH	9.2968	9.2924	+0.30%

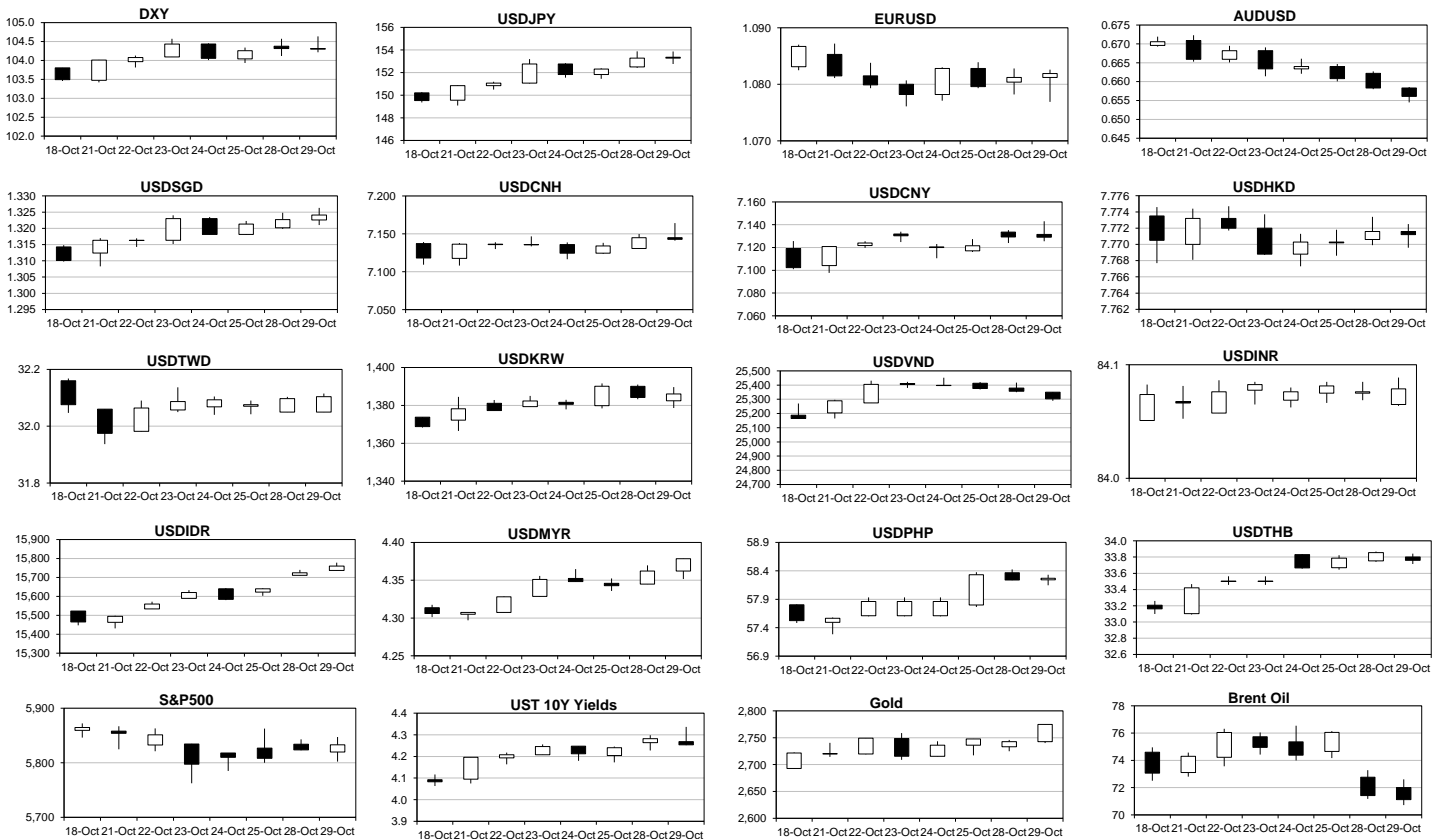
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G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	5832.92	9.40	+0.16%
Nasdaq (US)	18712.75	145.56	+0.78%
DJIA (US)	42233.05	-154.52	▼0.36%
N225 (JP)	38903.68	298.15	+0.77%
STOXX50 (EU)	4950.02	-19.81	▼0.40%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	4489.39	-37.21	▼0.82%
STI (SG)	3590.36	6.28	+0.18%
SHCOMP (CN)	3286.407	-35.79	▼1.08%
SZCOMP (CN)	1972.928	-29.65	▼1.48%
HSI (HK)	20701.14	101.78	+0.49%
SENSEX (IN)	80369.03	363.99	+0.45%
JSE (ID)	7606.6	-28.03	▼0.37%
KLSE (MY)	1615.08	4.61	+0.29%
PSE (PH)	7239.98	-103.26	▼1.41%
SET (TH)	1451.16	-1.87	▼0.13%
VNINDEX (VN)	1261.78	0.01	+0.56%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	9,388.04	-8.94	▼0.10%
IRON ORE (CN)	104.07	0.39	▼0.03%
GOLD	2,774.74	32.28	+1.18%
SILVER	34.45	0.00	▼0.14%
OIL (BRENT)	71.12	-0.30	▼0.42%
OIL (WTI)	67.21	-0.17	▼0.25%
NATURAL GAS	2.86	0.78	+2.32%

## CHARTS



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