

Nov 12, 2024

## Three Take-Aways

- 1) Trump trades continued; equities rose, USD was king while Bitcoin rallied.
- 2) Chinese equities little lifted following the fiscal announcements; PBoC pledged more easing to come.
- 3) Philippines faces mounting growth risks amid bad weather and possible hints of slowing electronic tailwinds.

## MACRO THEME: Trump Trades Dominance

- With bond markets closed for holiday and no notable data releases, Trump trades remained the central theme. Equities rose, the USD briefly tested a one-year high while Bitcoin topped \$80,000.

- USD strength was also arguably supported by Fed Kashkari's cautious comments on Sunday, as he noted uncertainty surrounding actual policies that will be implemented following Trump's win. Nonetheless, he stopped short of dismissing the possibility of a rate cut in December.

- Concerns over global demand outlook persisted, with Brent Crude continued its decline from ~\$74/bbl to ~\$72/bbl (-2.8%).

### Yields (Closed for Holiday)

- UST markets was closed for holiday.

### Equities (Nasdaq: +0.1%; S&P: +0.1%; Dow: +0.7%)

- Equities continued to climb higher.

### FX (DXY: +0.5%)

- USD strengthened against G10 currencies.

- JPY led losses, with USD/JPY moving above mid-153 levels.

- EUR briefly dipped below mid-1.06 while AUD traded under 66 cents.

- EM Asia FX also weakened against the greenback across the board. USD/SGD moved above 1.33 handle.

## China: Little Lifted

- Following the underwhelming fiscal package last Friday, mood in China was little lifted, with CSI300 up a mere 0.6%.

- The Nasdaq Dragon Golden Index pared some its losses a day earlier, eking out 0.6% gains following PBoC's statement that they will adhere to a supportive monetary policy stance and increase the intensity of monetary policy adjustments. The central bank also committed to maintain reasonably sufficient liquidity and lower financing costs for enterprises and households.

- The signal that more easing was to come likely provided some support to sentiment, following data showing that credit demand weak. Both aggregate finance and new CNY loans printed lower-than-expected, with credit demand driven mainly by government bond sales.

## Philippines Update: Mounting Risks Contained to Growth?

- Philippines appears to be facing heightened growth risks and **Philippines' growth for 2024 looks likely to miss the target of 6%**.

- Q3 growth printed at 5.2% YoY last week, a sharp moderation from Q2 (6.4%) on the back of moderating government consumption and deteriorating external sector. Against this backdrop, it is worth monitoring whether electronic tailwinds are fading. While growing electronic products imports could suggest the need for more inputs for production, contracting electronic exports question the durability of demand or whether it was a mere product of lower production due to bad weather.

- With continued bad weather in the Philippines, outlook for Q4 is tilted to downside. A tropical storm, Toraji, fell in Philippines over the weekend, just days after Typhoon Yinxing landed in the north coast of Luzon twice. The Philippines' Department of Agriculture estimated that Yinxing has caused PHP 278m in damage, almost all of it crop-related. With Philippines currently near the end of the planting phase of its dry rice-growing season, waterlogged soil is likely to affect production. Looking ahead, agriculture sector could see another YoY contraction in Q4, after contracting 2.8% YoY in Q3. Severe bad weather, should it lead to closure of factories, could also mean less upbeat manufacturing and export data in coming months.

- Notwithstanding this, the **impact of adverse weather on inflation may be more contained** as rice imports may dampen inflationary pressure from rice.

- In addition, despite household consumption expanding by 3.2% on a QoQ basis in Q3 after two consecutive QoQ contraction, we remain downbeat on outlook of household spending given contracting e-commerce sales in 2025 (Q4 could still see some reprieve on spending for the Christmas holidays).

- The factors above would weigh on growth even as investments could continue to be supported (average YoY growth in past 4 quarters: 7.4% YoY) amid **incentives to attract FDI**. Of note, Philippine President Marcos signed the CREATE MORE Act on Monday. The bill lowers corporate income taxes for registered business enterprises from 25% to 20% and boosts incentives for businesses, including a 100% additional deduction on power expenses of these enterprises and extended the maximum duration of tax incentives by another 10 years to 27 years. Prior to the bill, Philippines has higher corporate income tax than regional peers\*.

- For avoidance of doubt, **we expect the bill to have modest impact on fiscal revenues** insofar as these tax cuts are likely to have been factored in the drafting of Budget 2025, which estimated a revenue loss of around 0.03% of GDP per year between 2026-2028.

\*Corporate tax for regional peers are as follows: Malaysia (24%), Indonesia (22%), Thailand (20%), Vietnam (20%), Thailand (20%) and Singapore (17%).

## DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(CH) Agg Financing CNY YTD (Oct)	27060.0b	27200.0b	25664.2b
(CH) New Yuan Loans CNY YTD (Oct)	16520.0b	16720.3b	16020.3b
(ID) Consumer Confidence Index (Oct)	121.1	--	123.5
(JP) BoP C/A Balance (Sep)	¥1717.1b	¥3432.3b	¥3933.1b
(JP) Eco Watchers Survey Outlook(Oct)	48.3	49.2	49.7
(JP) Eco Watchers Current SA (Oct)	47.5	47.2	47.8

## Today

(AU)Westpac Consumer Conf SA MoM(Nc)	5.3%	--	6.2%
(IN) CPI YoY (Oct)		5.9%	5.5%
(IN) Industrial Production YoY (Sep)		--	-0.1%
(JP) Machine Tool Orders YoY (Oct P)		--	-6.4%
(GE) ZEW Survey Expectations/Current (Nov)		--	13.1/-86.9

## FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast	
USDJPY	153.72	153.50	+0.71%	152.00	- 155.50
EURUSD	1.0655	1.0662	▼0.59%	1.0550	- 1.0780
GBPUSD	1.2868	1.2873	▼0.41%	1.2750	- 1.2980
AUDUSD	0.6575	0.6578	▼0.12%	0.6500	- 0.6630
DXY	105.5	--	+0.52%	104.8	- 106.3
USDCNY	7.2150	--	+0.43%	7.1700	- 7.2500
USDCNH	7.2278	7.2241	+0.37%	7.1800	- 7.2600
USDHKD	7.7759	7.7758	+0.02%	7.7700	- 7.7820
USDSGD	1.3339	1.3331	+0.63%	1.3230	- 1.3420
USDKRW	1401	1401	+0.00%	1390	- 1420
USDTHW	32.28	--	+0.47%	32.20	- 32.60
USDINR	84.39	--	+0.01%	84.30	- 84.80
USDIDR	15680	--	+0.06%	15600	- 15850
USDMYR	4.411	4.414	+0.64%	4.380	- 4.450
USDPHP	58.61	--	+0.57%	58.30	- 59.00
USDTHB	34.37	34.49	+1.03%	34.30	- 34.80
USDVND	25311	25311	+0.10%	25200	- 25400

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

## MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.255	4.305	0.0	0.0
JGB (JP)	0.495	0.992	-0.5	-0.7
Bunds (GE)	2.133	2.325	-4.7	-4.0
Gilts (UK)	4.409	4.424	-1.2	-1.0
AGB (AU)	4.094	4.578	2.0	0.1
SGS (SG)	2.760	2.826	1.2	1.0
CGB (CN)	1.410	2.081	-0.7	-2.1
KGB (KR)	3.038	2.931	0.0	0.0
SDL (IN)	6.823	6.702	0.1	-0.5

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	163.77	163.66	+0.10%
GBP/JPY	197.817	197.586	+0.32%
JPY/SGD (100yen)	0.8677	0.8685	▼0.08%
JPY/HKD (100yen)	5.0583	5.0658	▼0.69%
CNH/JPY	21.317	21.283	+0.29%
CNH/HKD	1.0778	1.0782	▼0.42%
EUR/GBP	0.82801	0.82828	▼0.20%
AUD/NZD	1.1025	1.102	▼0.10%
EUR/CNH	7.7016	7.7023	▼0.23%
GBP/CNH	9.3008	9.2992	▼0.04%

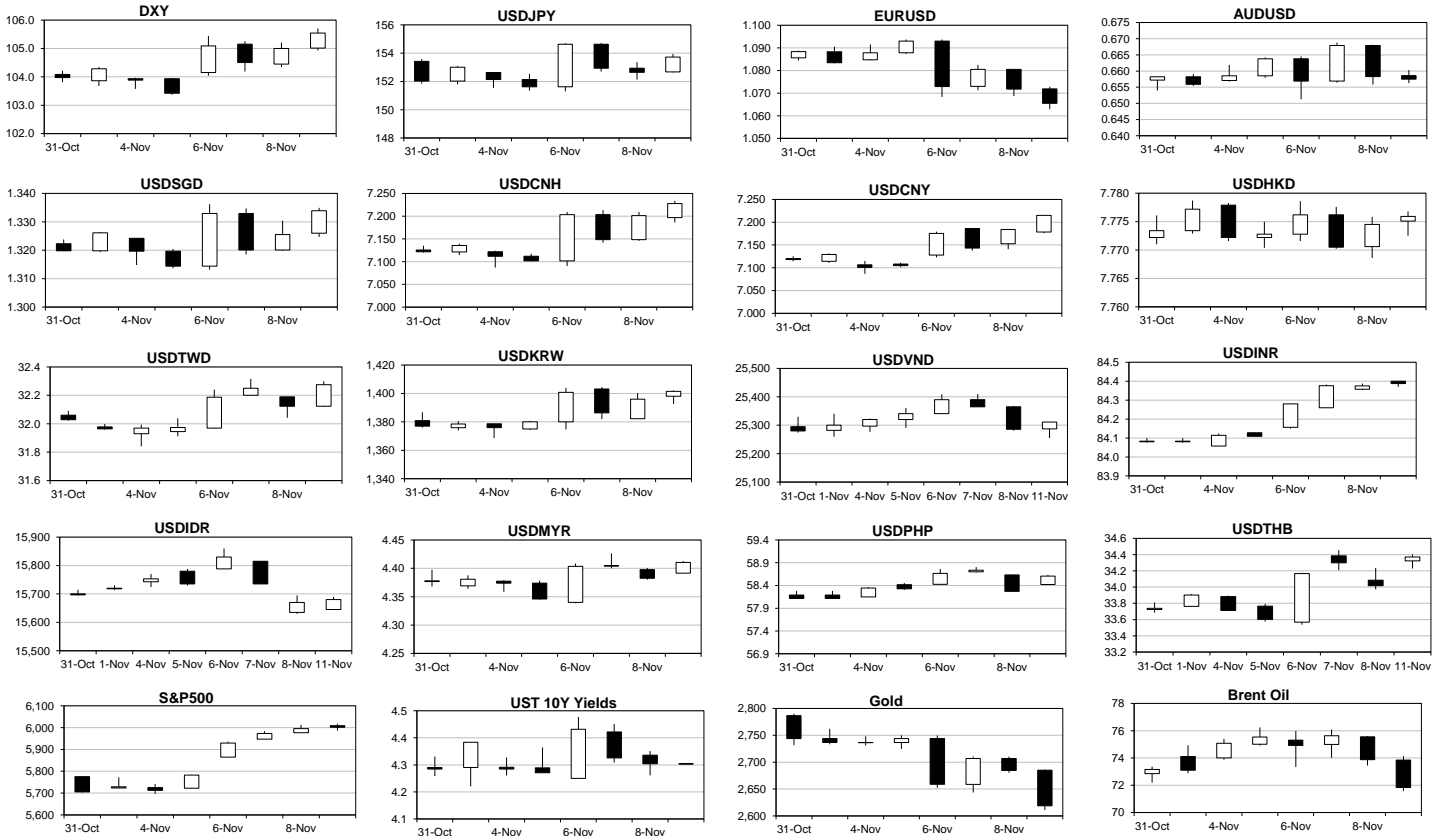
\*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6001.35	5.81	+0.10%
Nasdaq (US)	19298.76	11.98	+0.06%
DJIA (US)	44293.13	304.14	+0.69%
N225 (JP)	39533.32	32.95	+0.08%
STOXX50 (EU)	4854.03	51.27	+1.07%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	4448.67	30.84	+0.70%
STI (SG)	3739.47	15.10	+0.41%
SHCOMP (CN)	3470.066	17.77	+0.51%
SZCOMP (CN)	2133.575	38.89	+1.86%
HSI (HK)	20426.93	-301.26	▼1.45%
SENSEX (IN)	79496.15	9.83	+0.01%
JSE (ID)	7266.46	-20.73	▼0.28%
KLSE (MY)	1609.26	-11.98	▼0.74%
PSE (PH)	6940.01	-37.17	▼0.53%
SET (TH)	1456.47	-8.22	▼0.56%
VNINDEX (VN)	1250.32	0.00	▼0.18%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	9,187.46	-114.91	▼1.24%
IRON ORE (CN)	101.78	-2.27	▼2.49%
GOLD	2,618.82	-65.95	▼2.46%
SILVER	30.68	0.25	+9.40%
OIL (BRENT)	71.83	-2.04	▼2.76%
OIL (WTI)	68.04	-2.34	▼3.32%
NATURAL GAS	2.92	-0.62	▼1.99%

## CHARTS



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