



WEEKLY ECONOMIC UPDATE

9 DECEMBER 2024

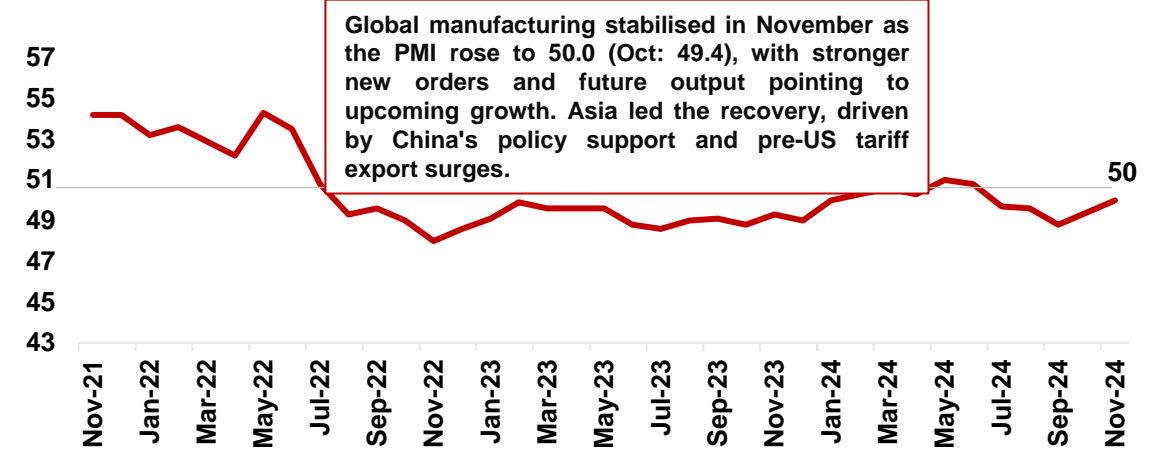
ECONOMIC RESEARCH

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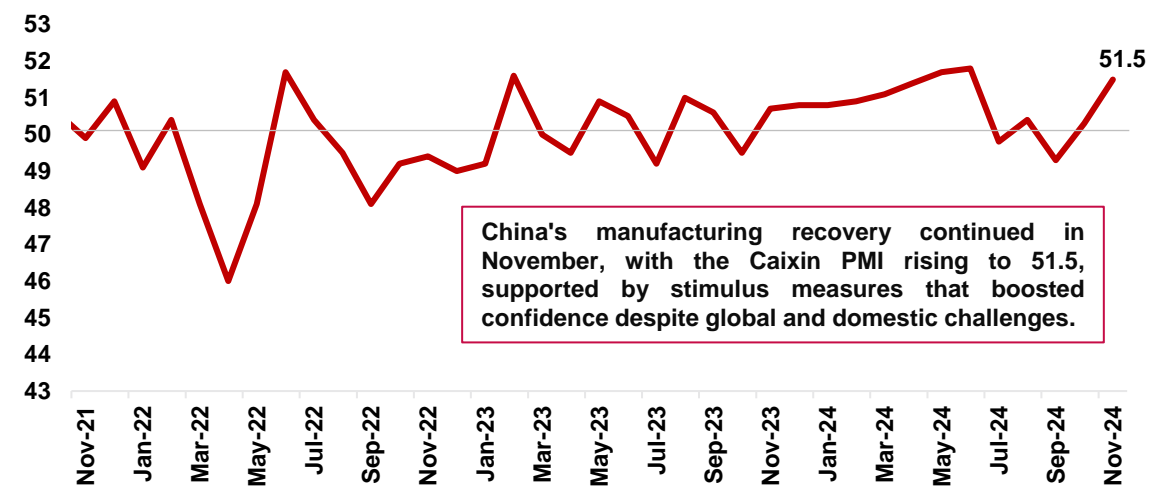
WEEKLY HIGHLIGHT: CHINA MANUFACTURING PMI SIGNALLED GROWTH PICKUP

GLOBAL

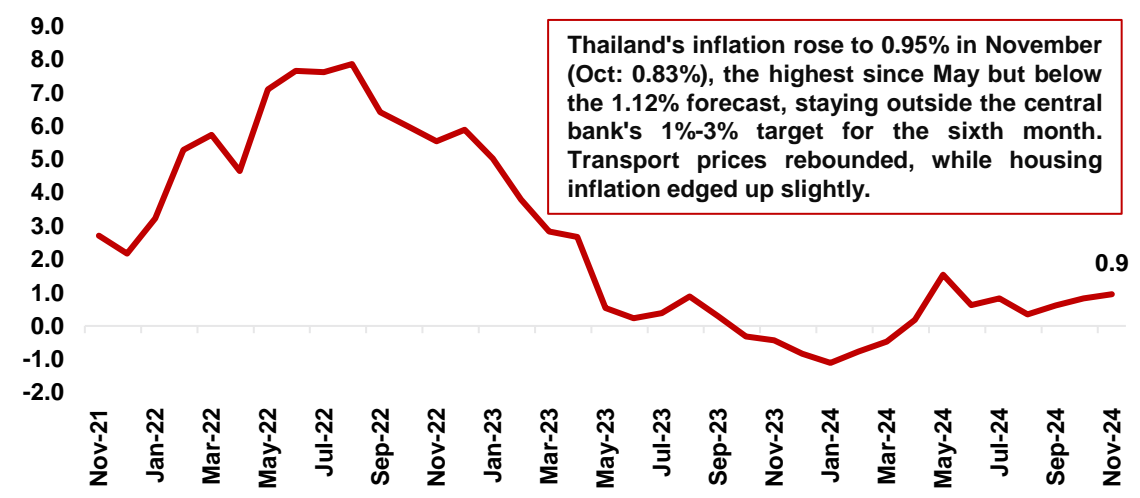
Global Manufacturing Purchasing Managers' Index (PMI), points



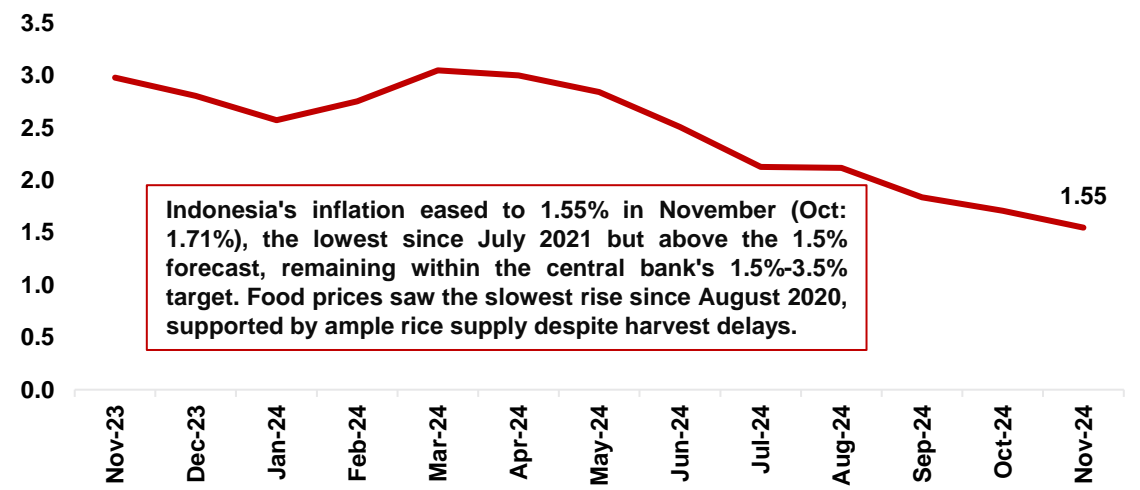
China Caixin Manufacturing PMI, points



Thailand - Consumer Price Index (CPI), y-o-y%

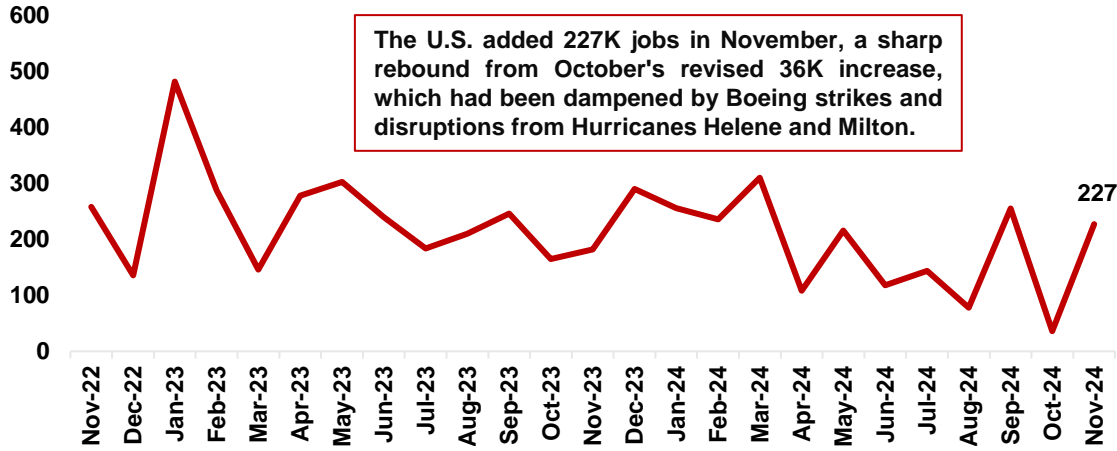


Indonesia - Consumer Price Index (CPI), y-o-y%

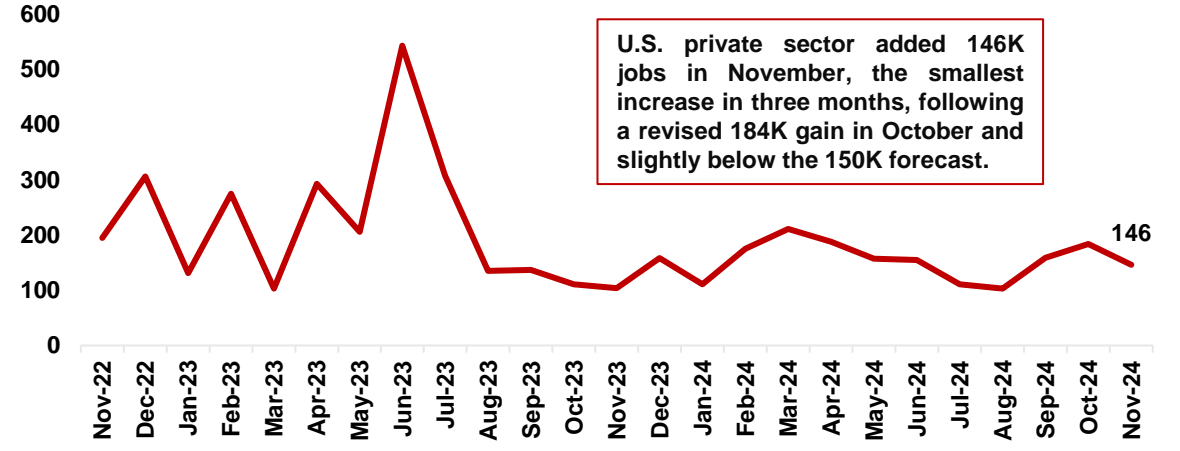


WEEKLY HIGHLIGHT: U.S. JOB GROWTH PICKED UP IN NOVEMBER DESPITE HIGHER UNEMPLOYMENT RATE

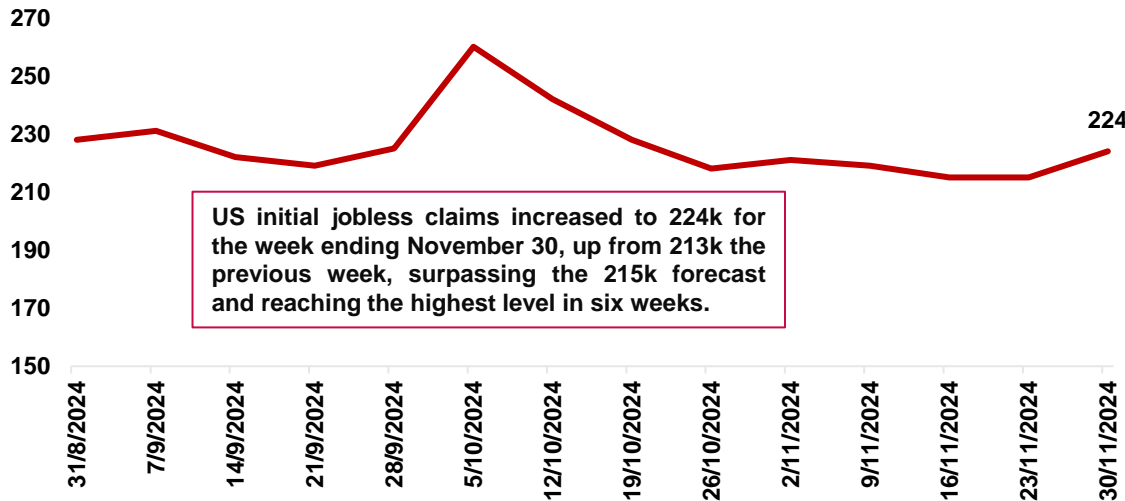
U.S. Non-Farm Payroll (NFP), m-o-m changes ('000)



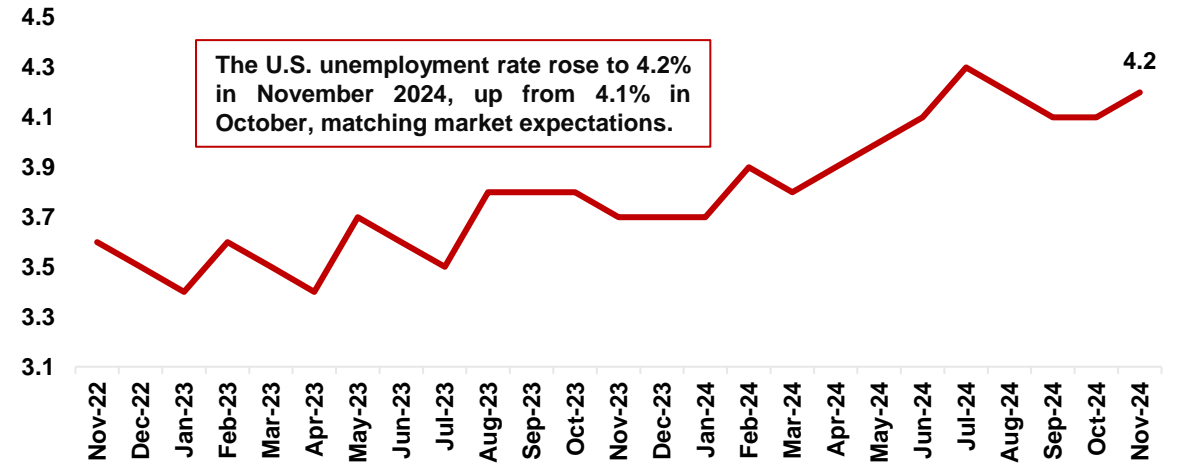
U.S. ADP Nonfarm Employment, m-o-m changes ('000)



U.S. Weekly Initial Jobless Claims (IJC), '000

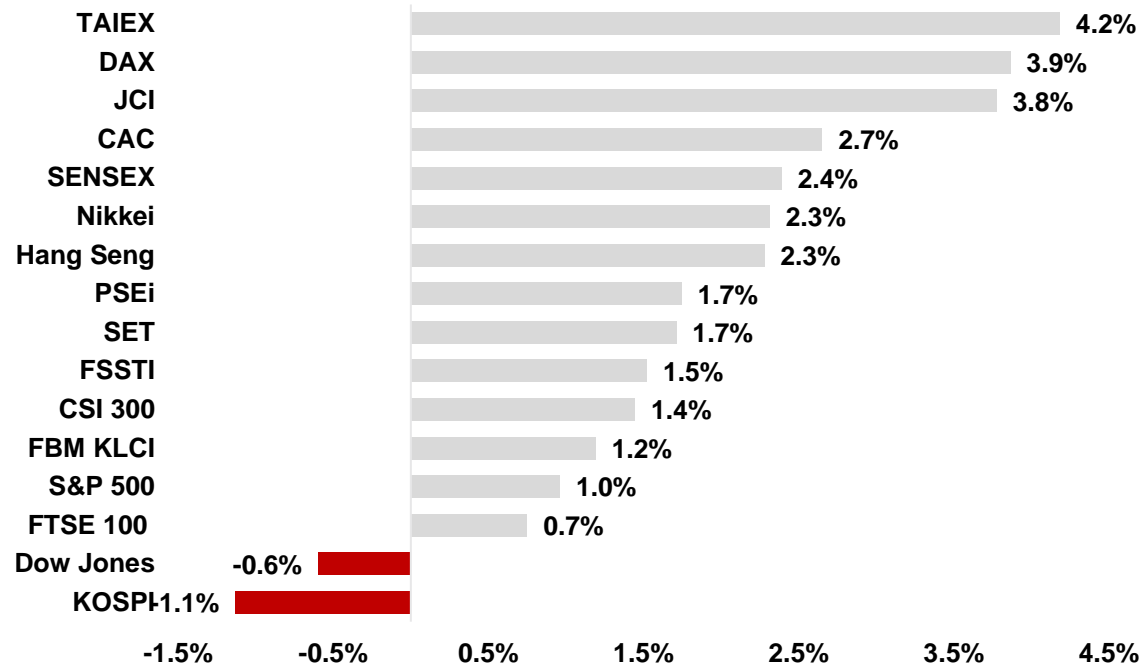


U.S. Unemployment Rate, %

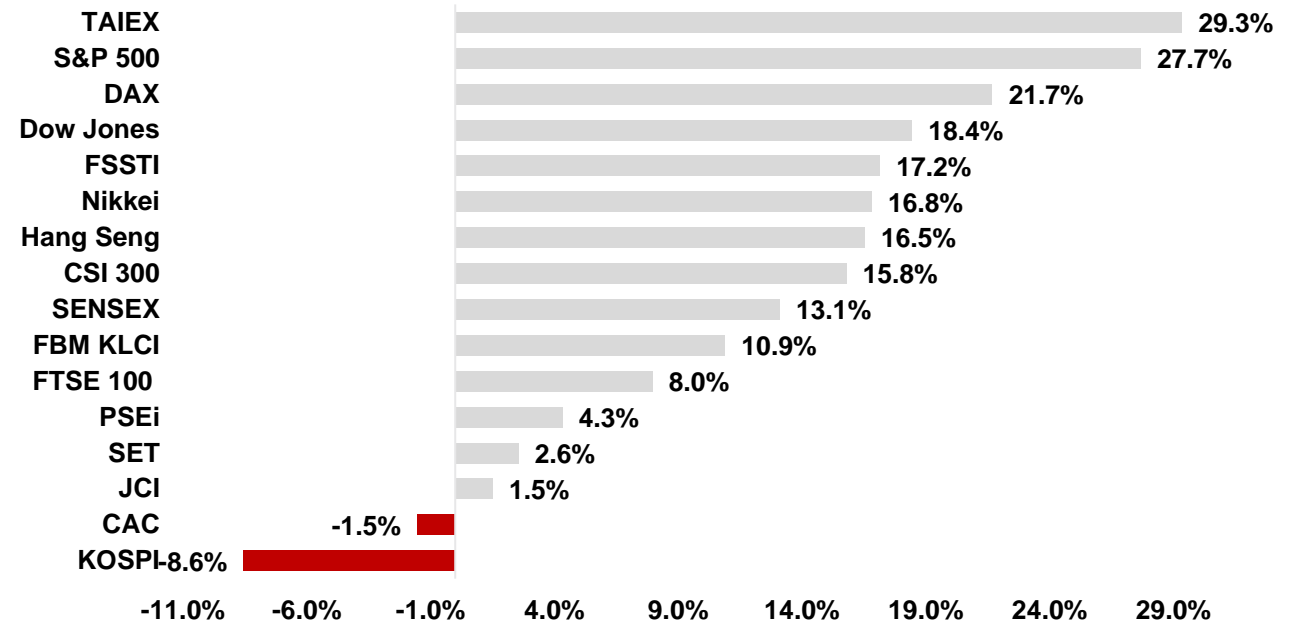


REGIONAL EQUITY: GLOBAL MARKETS RALLY ON FED RATE CUT HOPES

Weekly Gain/Loss of Major Equity Market, w-o-w%



YTD Gain/Loss of Major Equity Markets, % (As of 6 December 2024)

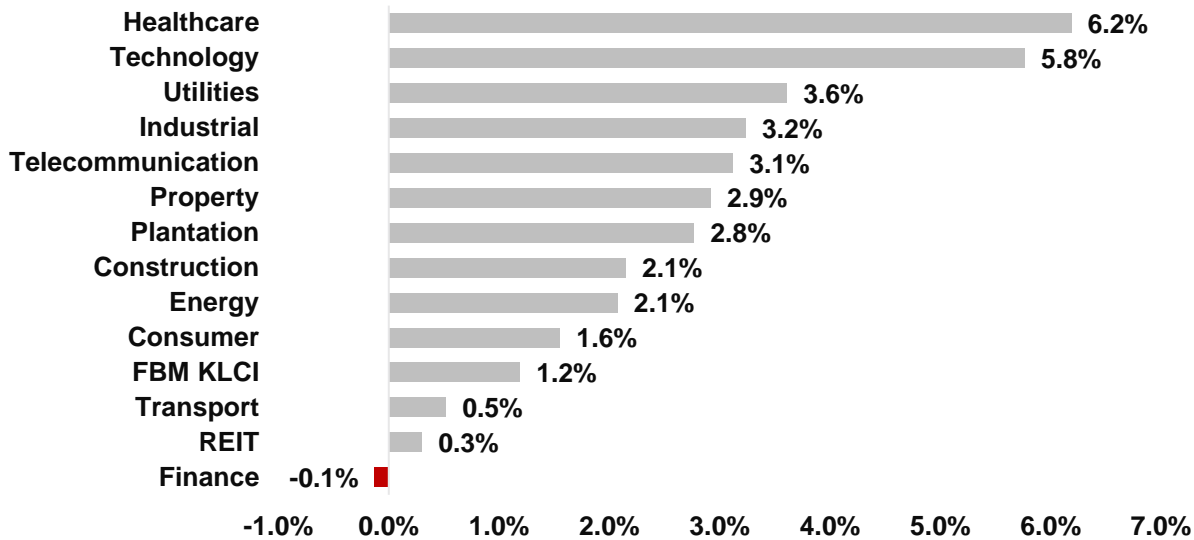


Sources: Bursa, CEIC Data

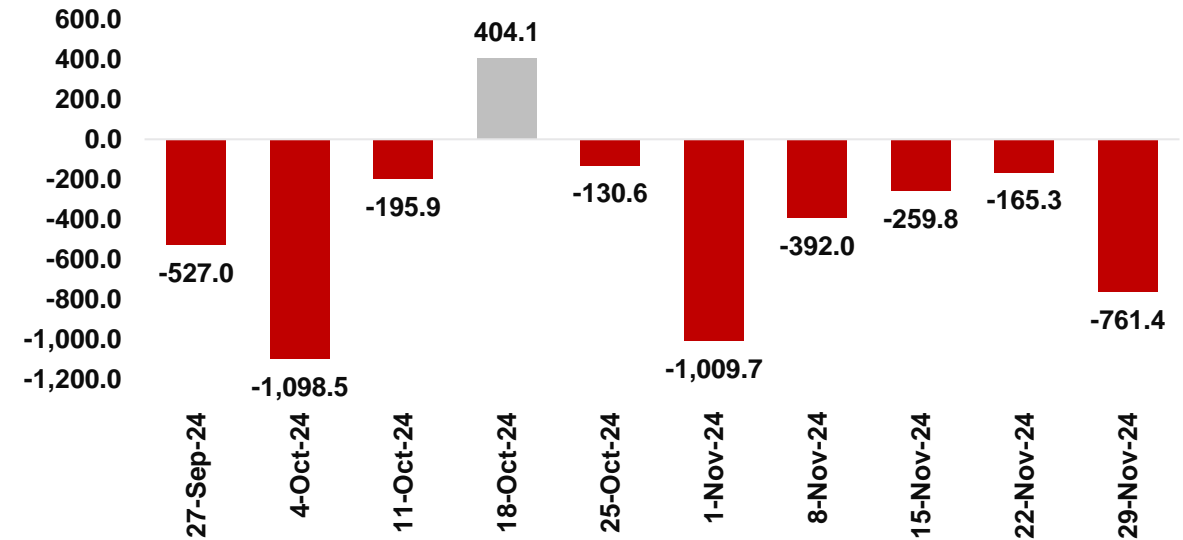
- The regional equity index mostly in the green last week with Taiwan’s TAIEX (+4.2%) as the major winner, as gains in the Information Services, Semiconductor, and Computers & Peripherals sectors pushed shares higher.
- Additionally, Germany’s DAX also edged up by 3.9% as the U.S. jobs report reinforced expectations of further interest rate cuts by the Federal Reserve (Fed), while traders seem to be overlooking concerns regarding the political situation in France.
- In contrast, South Korea’s KOSPI slipped by 1.1% amid continued political instability. President Yoon Suk Yeol is scheduled for an impeachment vote on Saturday after his failed attempt to impose martial law. However, Yoon's ruling People Power Party has vowed to oppose the motion, despite internal divisions over the crisis.

DOMESTIC EQUITY: FBM KLCI CLOSED IN A SEA OF GREEN ON EARNINGS RESULTS

Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



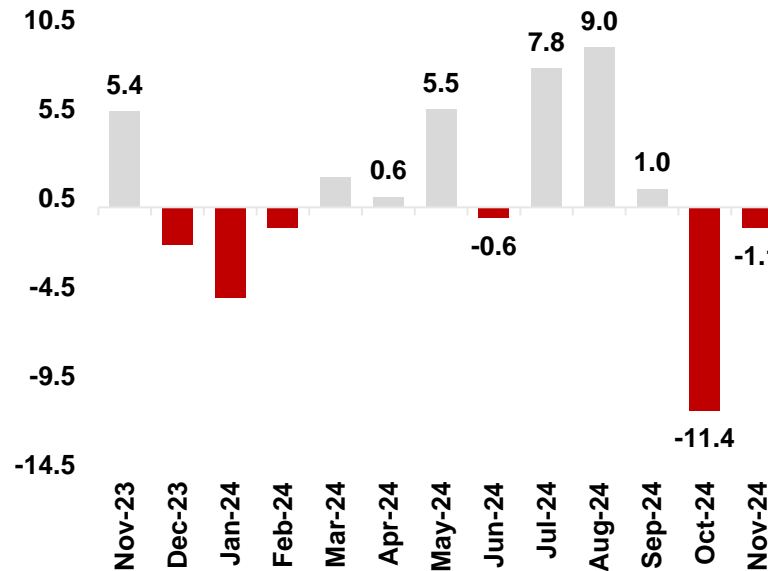
Sources: Bursa, CEIC Data

- The FBM KLCI rose by 1.2% w-o-w for the week ending December 6, climbing above the 1,610-level amid bargain hunting activities.
- Buying interest into the local market was buoyed by upbeat investor sentiments amid earnings optimism surrounding selected heavyweights. Furthermore, Trump’s recent remarks on implementing tariffs on Chinese goods, among others, had benefited the local Technology and Industrial stocks as investors seek out on early profit hunting activities.
- The Healthcare index continued its uptrend, surging by 6.2% to close at a level last seen in mid-May 2024, followed closely by the Technology index (+5.8%). The Utilities index, on the other hand, staged a strong rebound to close 3.6% w-o-w higher.
- Meanwhile, the Finance index slipped by a marginal 0.1% as the only loser.
- Foreign investors persisted as net sellers for the sixth straight week, shedding a total of RM761.4 million worth of equities. This net selling activity further decreased the cumulative net inflow for the year to RM404.1 million.

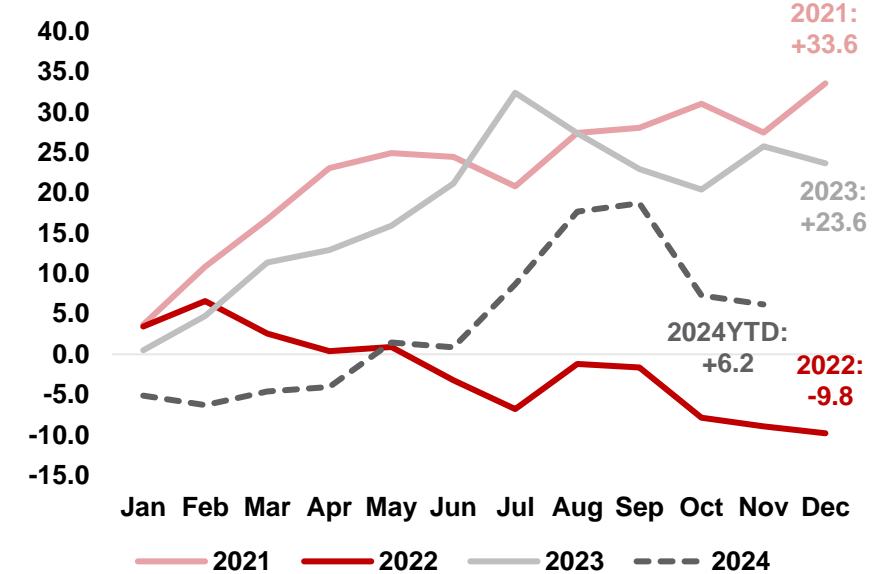
FIXED INCOME: UST YIELDS DIPPED AS FED RATE CUT EXPECTATIONS RISE

Weekly Changes, basis points (bps)			
UST	Yields (%) 29-Nov-24	Yields (%) 6-Dec-24	Change (bps)
3-Y UST	4.10	4.05	-5
5-Y UST	4.05	4.03	-2
7-Y UST	4.10	4.09	-1
10-Y UST	4.18	4.15	-3
MGS	Yields (%) 29-Nov-24	Yields (%) 6-Dec-24	Change (bps)
3-Y MGS	3.46	3.46	-1
5-Y MGS	3.59	3.56	-3
7-Y MGS	3.77	3.73	-4
10-Y MGS	3.81	3.78	-3
GII	Yields (%) 29-Nov-24	Yields (%) 6-Dec-24	Change (bps)
3-Y GII	3.40	3.39	-2
5-Y GII	3.61	3.59	-3
7-Y GII	3.77	3.74	-3
10-Y GII	3.81	3.79	-2

Foreign Fund Flows in Local Bond Market, RM Billion



Cumulative Net Foreign Flows in Local Bonds (Yearly Comparison, RM Billion)

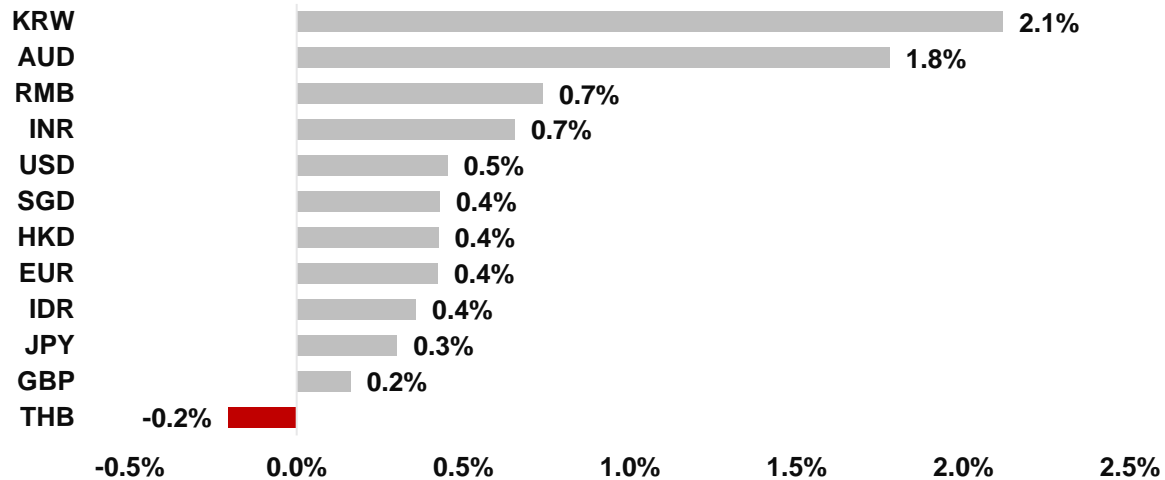


Sources: BNM, Federal Reserve Board

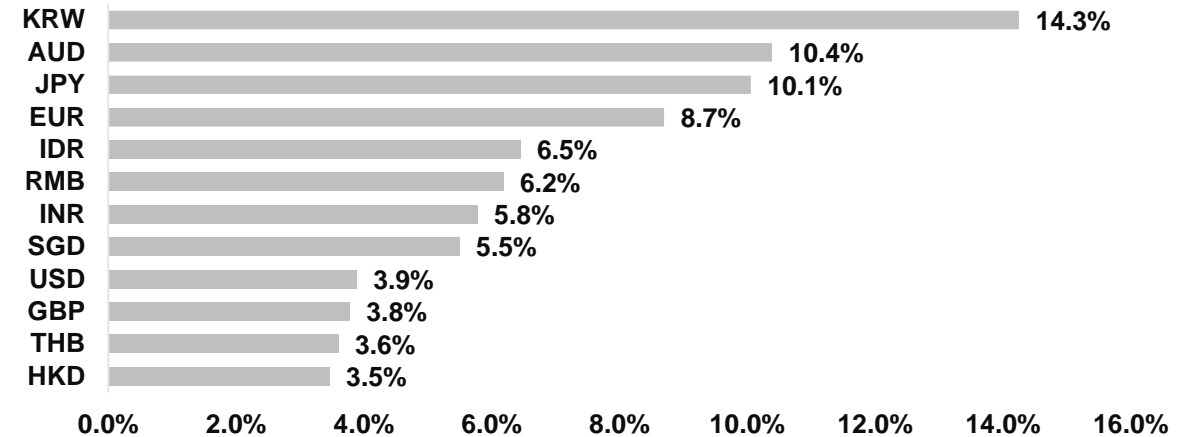
- The U.S. Treasury (UST) yields edged lower in the range of 1bp and 5bps as the November jobs report showed some improvement in labor market conditions, though not enough to dissuade the Fed from proceeding with an interest rate cut in December. At the time of writing, the CME FedWatch tool indicates an 85.1% probability of a 25bp rate cut at the Federal Open Market Committee (FOMC) meeting in December.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields also edged lower between 1bp and 4bps.
- Foreign fund flows in the local bond market remained in the negative territory with a net foreign outflow of RM1.1 billion in November (Oct: +RM11.4 billion). Consequently, local govvies' foreign shareholdings to total outstanding reduced to 21.6% in November (Oct: 21.8%).
- As of the first eleven months of 2024, the local bond market recorded the cumulative net foreign inflows of RM6.2 billion, significantly lower than the inflows of RM25.8 billion in the same period in the previous year.

FX MARKET: RINGGIT POISED FOR CAUTIOUS TRADING AHEAD OF KEY U.S. INFLATION FIGURES

MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD% (As of 6 December 2024)



Sources: BNM, Federal Reserve Board, U.S. Bureau of Labor Statistics (BLS)

- Ringgit continued its slow uptrend as it appreciated by 0.5% against the USD for the week ending December 6 despite the strength shown by the USD index (+0.2%).
- Such favourable performance was supported by the expectations of the Fed’s cutting its interest rates next week with the probabilities rising sharply to over 85% at the time of writing.
- On the other hand, the greenback’s sustained strength is backed by a bullish outlook as the monetary policy path of the Fed, beyond this coming meeting, tilts towards a slower pace of easing rates than previously expected.
- Such view was supported by Fed Chair Powell’s more hawkish tone as he highlighted key areas that provides the central bank with ample room to cautiously navigate its policy path, namely the 1) stronger than expected economy, 2) price pressures heating up slightly and 3) less risks posed by the job market.
- Latest NFP data showed the economy added more jobs than anticipated in November (Act: 227K vs. Est: 200K) while data from JOLTS showed job openings increased to 7.74 million (Est: 7.48 million).

COMMODITY: OIL DIPPED AS OPEC+ SUPPLY CUTS SIGNAL WEAK DEMAND

Brent Crude in USD per barrel



U.S. Crude Oil Inventory, '000 barrel - EIA

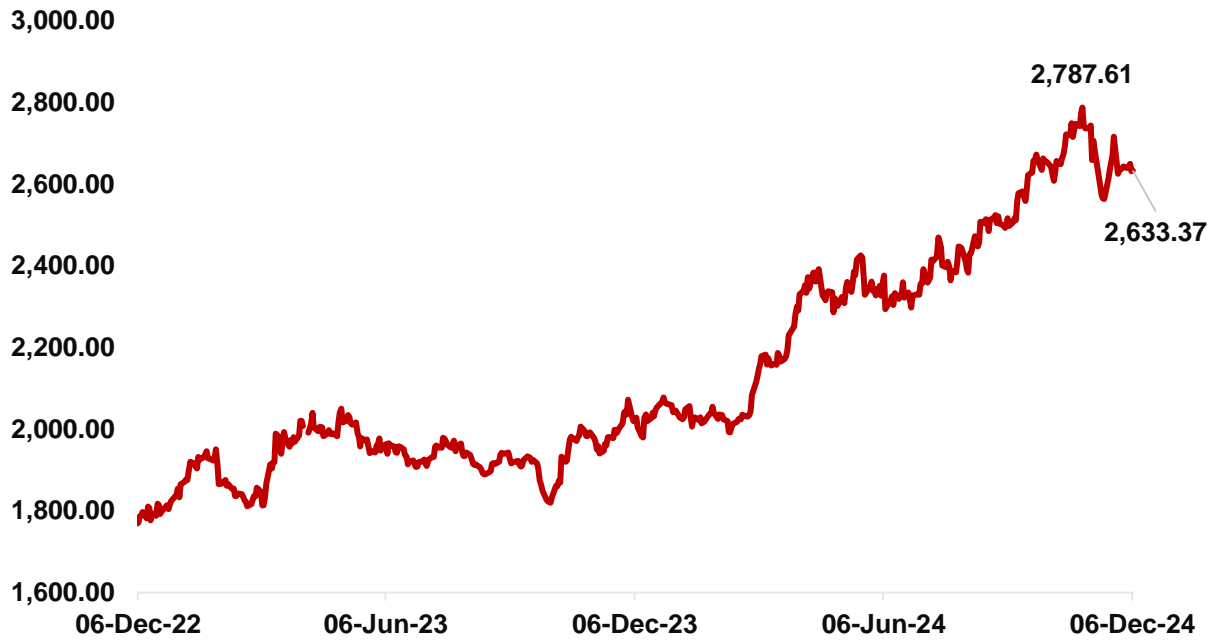


Sources: Bloomberg, Energy Information Administration (EIA)

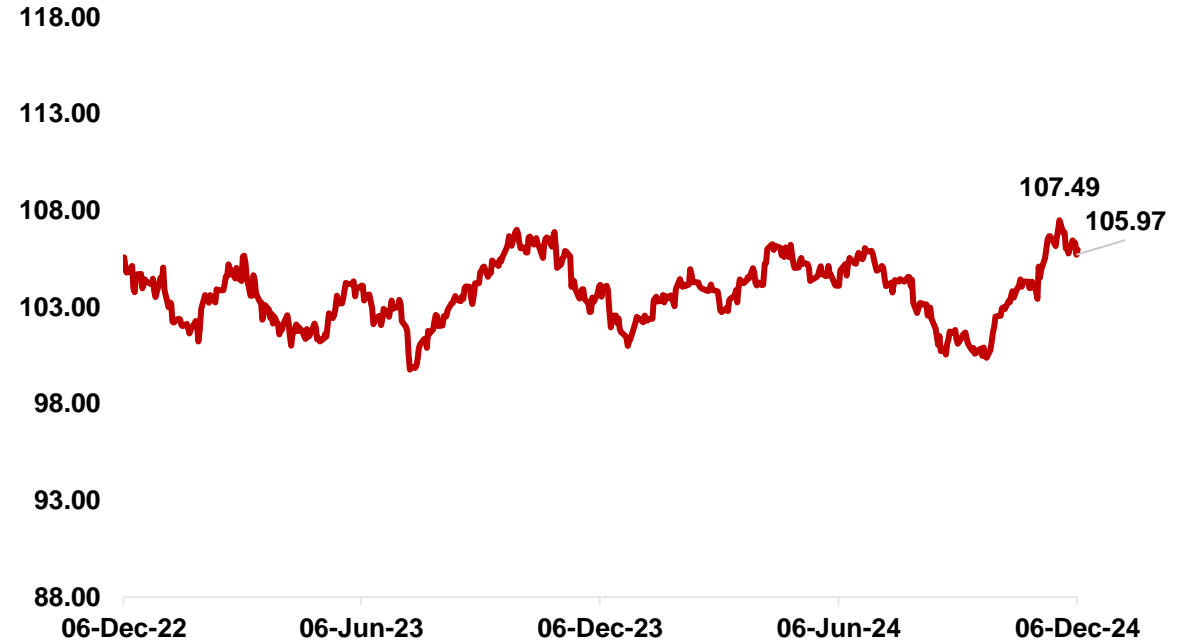
- Brent oil price dropped 1.3% to USD71 per barrel for the week ending December 6, as concerns over a 2025 supply surplus outweighed OPEC+'s extended production cuts and delayed output increase until April 2025.
- Meanwhile, U.S. crude oil inventories dropped more than expected, falling 1.2% for the week ending November 29. Stocks declined by about 5.1 million barrels to 423.4 million, surpassing the predicted 1.6 million barrel drop.

COMMODITY: GOLD PRICE ON TRACK FOR WEEKLY LOSS AMID THE GREENBACK'S RISE

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- The bullion price tumbled by 0.4% w-o-w last week following hotter than anticipated U.S. job market data which lifted the greenback.
- While markets rallied behind a 25bp rate cut in the Fed's next decision-making meeting on December 18, the tone of their outlook hinges on a more gradual easing, backed by Fed Chair Powell's latest hawkish remarks.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The focus in the U.S. will be on the CPI report, with annual inflation anticipated to rise to 2.7%, the highest in four months, up from 2.6% in October. In contrast, monthly inflation is expected to stay at 0.2%, while core inflation is projected to remain steady at 3.3% annually and 0.3% monthly. Additionally, annual producer price inflation (PPI) is forecast to edge up to 2.5% from 2.4%, with the monthly rate likely to increase to 0.3% from 0.2%. Core PPI is expected to rise to 3.3% annually from 3.1%, while the monthly rate should hold at 0.3%.
- The European Central Bank (ECB) is scheduled to meet next Thursday for its final decision of 2024, with investors forecasting a 25bp rate cut, the fourth such reduction this year. Similarly, the Swiss National Bank is expected to reduce its policy rate by 25bp to 0.75%, also marking its fourth consecutive cut. On the macroeconomic front, industrial activity in the Euro Area is expected to rebound in October. In Germany, exports are predicted to fall more sharply than imports during the same month. Meanwhile, the UK will release important economic data, including the monthly GDP report, industrial production, and trade balance figures.
- In China, a busy week of data will include the consumer and producer price indexes. CPI is expected to rise to 0.5% y-o-y, up from 0.3% in October, while PPI is forecast to decline by 2.8%, slightly less than the 2.9% drop in the previous month. Trade data will be closely watched, with export growth expected to slow and imports likely to rebound. Monetary indicators, including new yuan loans, are also set to be released, with lending forecast to rise to CNY 950 billion, recovering from October's low of CNY 500 billion. In Australia, it will be a busy week, with the Royal Bank of Australia (RBA) expected to leave the main rate unchanged at 4.35%, allowing the central bank more time to assess the sustainability of the inflation slowdown.

BANK ISLAM

THANK YOU