HongLeong Bank

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Global Markets Research

Daily Market Highlights

05-Apr: Tech shares pushed US equities higher

US tech shares surged after Elon Musk disclosed largest stake in Twitter
Short-term UST yields pulled back; 2-10Y curve remained inverted
USD traded mixed against G10 currencies; EUR dipped for third straight session

- US stocks rose overnight led by a rally in tech shares as news of Elon Musk's becoming Twitter's largest shareholder (9.2% stake) sent the shares of the social media platform soaring by 27.1%. The Dow Jones rose 0.3% while the broader S&P 500 picked up 0.8%. Tech-focus NASDAQ outperformed with a 1.9% gain. Stocks had risen earlier in Europe and in most of Asia. The pan-European STOXX Europe 600 picked up for the second session on Monday by 0.8%. The Hang Seng index rallied by 2.1% alongside higher Chinese shares.

- In the UST market, short-dated yields pulled back while medium-to-long yields rose modestly. The benchmark 10Y UST yield rose 1.3bps to 2.40%. The 2Y/10Y treasury yield curve remained inverted.

- The dollar traded on a mixed note against G10 units. The dollar index closed higher (+0.4%) for the third consecutive session at 99.0 as the USD strengthened against EUR, SEK and JPY. EUR/USD dipped for the third straight session (-0.6%) to 1.0972. USD weakened against commodity currencies as oil prices bounced back up. CHF and GBP were flat. AUD led the gains (+0.6%) in the G10 basket as the expectations for a hawkish RBA stance grew ahead of today's policy decision.

- USD/MYR extended last Friday's gain into Monday's session, closing 0.2% higher at 4.2200. MYR was the biggest loser among the Asia-ex Japan currencies. Mixed USD performance overnight and higher oil prices should cap the pair at 4.2250 for now as the market continues to monitor Russia-Ukraine war development, volatilities in the oil market and discussion on the Fed's upcoming rate hike magnitude.

- Oil prices rebounded as Saudi Arabia raised the selling prices for all its buyers in all regions; the price for May delivery of Arab Light crude was increased by $4.4/barrel to a record $9.35/barrel. Meanwhile, the EU said it is working on new sanctions on Russia. Brent benchmark rose 3.0% to $107.53/barrel while the US WTI settled 4.0% higher at $103.28/barrel.

US factory orders snapped 9-month winning streak on poor aircrafts sales:

- The US headline factory orders fell 0.5% m/m in February (Jan: +1.5%), ending a nine-month gaining streak. The 30% plunge in nondefense aircrafts orders dragged down the transportations category. Excluding transportations, orders rose 0.4% m/m (Jan: +1.2%), reflecting solid demand before the Russia-Ukraine crisis brought about renewed supply chain uncertainties.
- Orders of durable goods orders fell 2.1% m/m (Jan: +1.5%) while the core capital orders, a highly watched gauge for US business capex, were down by 0.2% m/m after a strong 1.2% m/m increase in the previous month.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,921.88	0.30
S&P 500	4,582.64	0.81
NASDAQ	14,532.55	1.90
Stoxx 600	462.19	0.84
FTSE 100	7,558.92	0.28
Nikkei 225	27,736.47	0.25
Hang Seng	22,502.31	2.10
Straits Times	3,416.97	-0.06
KLCI 30	1,598.92	-0.22
FX		
Dollar Index	99.00	0.37
EUR/USD	1.0972	-0.64
GBP/USD	1.3116	0.02
USD/JPY	122.79	0.22
AUD/USD	0.7543	0.63
USD/CNH	6.3741	0.10
USD/MYR	4.2200	0.18
USD/SGD	1.3566	-0.03
Commodities		
WTI ($/bbl)	103.28	4.04
Brent ($/bbl)	107.53	3.01
Gold ($/oz)	1,929.20	0.53

Source: Bloomberg, HLBB Global Markets Research

Eurozone Sentix confidence plunged in April:

- The Sentix Confidence Index dipped to -18.0 in April, from -7.0 in March, as both the gauges of current situation and outlook came in negative. This reflects the deterioration of investor sentiment in the Eurozone this month as the war between Russia and Ukraine rages on and inflation expectations remains elevated.

Japan's household spending slowed in Feb; wage growth quickened:

- Japan's household spending rose 1.1% y/y in February, missing the forecast of 2.7% y/y and down from 6.9% y/y in January. The softer spending reflects the impact of the extension of Covid-19 restrictions in the country.
- Labour cash earnings climbed 1.2% y/y, besting the forecast of 0.6% y/y, following January's 1.1% y/y increase. This marked wages' largest y/y increase in nine months, driven by higher overtime pay growth.

Singapore's PMI slipped lower for three successive months:

- Singapore's official PMI edged lower to 50.1 in March, from 50.2 in February. This marked its third successive decline since January this year, adding to signs of weakening manufacturing conditions. The electronic sub-index fell to 50.4, from 50.5.

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DXY	97-99	96.15	96.40	96.30	96.30
EUR/USD	1.10-1.12	1.13	1.12	1.12	1.13
GBP/USD	1.30-1.32	1.34	1.33	1.35	1.36
AUD/USD	0.74-0.76	0.72	0.72	0.74	0.75
USD/JPY	120-124	115	116	115	114
USD/MYR	4.19-4.23	4.17	4.15	4.15	4.10
USD/SGD	1.35-1.37	1.35	1.34	1.34	1.33

Rates, %	Current	1Q-22	2Q-22	3Q-22	4Q-22
Fed	0.25-0.50	0.25-0.50	0.75-1.00	1.25-1.50	1.25-1.50
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.75	0.75	1.00	1.00	1.00
RBA	0.10	0.10	0.10	0.10	0.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	1.75	1.75	2.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
05/04	JP Jibun Bank Japan PMI Services (Mar F)	48.7
	SI S&P Global Singapore PMI (Mar)	52.5
	AU RBA Cash Rate Target (05 Apr)	0.1%
	SI Retail Sales YoY (Feb)	11.8%
	EZ S&P Global Eurozone Services PMI (Mar F)	54.8
	UK S&P Global/CIPS UK Services PMI (Mar F)	61.0
	US Trade Balance (Feb)	-$89.7b
	US S&P Global US Services PMI (Mar F)	58.9
	US ISM Services Index (Mar)	56.5
06/04	HK S&P Global Hong Kong PMI (Mar)	42.9
	CN Caixin China PMI Services (Mar)	50.2
	EZ PPI MoM (Feb)	5.2%
	US MBA Mortgage Applications (01 Apr)	-6.8%

Source: Bloomberg

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