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Global Markets Research
Daily Market Highlights

08-Apr: Hawkish Fedspeak boosted USD, yields

US stocks rebounded modestly after two-day selling pressures
Greenback climbed for sixth straight session, alongside higher treasury yields
Selloff in oil eased; US initial jobless claims fell to 166k

- US equities rebounded modestly on Thursday, snapping a two-day losing streak as the market continued to grapple with the possibility of an aggressive Fed tightening. St Louis Fed President James Bullard, a famous hawk, said he preferred rates to be raised sharply to 3.00-3.25% in 2H22. The Dow Jones rose 0.3% while the S&P 500 picked up 0.4%. Tech-focus NASDAQ managed to end in positive territory (+0.06%) after two days of heaving selloffs. Earlier, stocks closed lower in Europe and Asia as risk aversion dominated the global markets.

- The selling of US treasuries extended to Thursday, leaving yields higher across the board except the benchmark 2Y UST yield which ended lower at 2.46% (-1.2bps). The benchmark 10Y UST yield rose another 6bps to a three-year high of 2.66%. The 30Y UST yield also rose 5bps to a near-three-year high of 2.68%; the curve steepened overall.

- The dollar index climbed for the sixth consecutive session on Thursday alongside higher yields, adding 0.2% at 99.75. The USD strengthened against all G10 currencies except the Swedish Krona (SEK) and GBP. Commodity currencies led the losses in the G10 basket amid the extended decline in oil prices.

- USD/MYR rose 0.1% to close at 4.2195 on Thursday, in line with the stronger USD. We remain neutral to slightly bullish on the pair, expecting the pair to remain supported near 4.2200, with the next level resistance at 4.2250 amid hawkish Fedspeak.

- On the commodity front, gold prices broke a two-day decline to close 0.8% higher at $1933.80/oz. The selloff in crude oil eased on Thursday as Brent crude slipped 0.5% to $100.58/barrel while WTI settled 0.2% lower at $96.03/barrel.

US initial jobless claims fell to 166k last week:

- Initial jobless claims in the US fell 5k to 166k in the week ended 2 April, from the markedly revised 171k in the previous week. The latest reading was the lowest number recorded since 1968, highlighting the tight labour market conditions that showed the US economy's strong demand for workers despite the widespread concerns for inflation and weaker sentiment. The four-week moving average for initial jobless claims now fell to 170k, from 178k prior.

Eurozone's retail sales disappointed in March:

- Eurozone's retail sales rose 0.3% m/m in February (Jan: +0.2%), lower than the consensus forecast of 0.5% m/m. Analysts had expected sales to see a stronger showing as Covid restrictions were loosened in March but the weaker consumer sentiment related to the Ukraine-Russia crisis may have dampened demand. The modest rise in the headline number reflects the stronger sales of fuel and the steady growth of online sales that offset the fall in food, drink & tobacco and

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,583.57	0.25
S&P 500	4,500.21	0.43
NASDAQ	13,897.30	0.06
Stoxx 600	455.02	-0.21
FTSE 100	7,551.81	-0.47
Nikkei 225	26,888.57	-1.69
Hang Seng	21,808.98	-1.23
Straits Times	3,404.23	-0.55
KLCI 30	1,600.79	-0.24
FX		
Dollar Index	99.75	0.15
EUR/USD	1.0879	-0.16
GBP/USD	1.3075	0.05
USD/JPY	123.95	0.12
AUD/USD	0.7480	-0.43
USD/CNH	6.3632	0.07
USD/MYR	4.2195	0.14
USD/SGD	1.3614	0.12
Commodities		
WTI ($/bbl)	96.03	-0.21
Brent ($/bbl)	100.58	-0.48
Gold ($/oz)	1,933.80	0.80

Source: Bloomberg, HLBB Global Markets Research weaker non-food products. Compared to the same month last year, retail sales rose 5.0% y/y (Jan: +8.4%).

Australian trade surplus narrowed as imports at record high:

- Australia recorded a monthly trade surplus of AUD7.46b in February, below the consensus forecast of AUD 11.17b (Jan: AUD11.79b). The much smaller surplus reflects the higher-than-expected imports in that month as purchases from overseas jumped by a whopping 12.0% m/m (Jan: -2.0%) to a record high of AUD41.3b. The 22-year high import growth was driven by higher prices paid for industrial supplies, fuels and lubricants in tandem with the economic rebound after the easing of Covid restrictions. Exports meanwhile, were unchanged m/m (Jan: +6.0%), reflecting lower iron ore sales, coal, natural gas, petroleum oils which were offset by higher sales of gold, wheat, and beef.

Malaysia foreign reserves rose to $115.6b:

- Malaysia's foreign reserves rose to $115.6b as at 31 March, from $115.2b prior. The reserves were sufficient to finance 6.1 months of retained imports and is 1.2 times external debt.

House View and Forecasts

FX	This Week	2Q-22	3Q-22	4Q-22	1Q-21
DXY	97-99	98.5	99.0	98.0	97.5
EUR/USD	1.10-1.12	1.10	1.09	1.10	1.12
GBP/USD	1.30-1.32	1.29	1.28	1.30	1.31
AUD/USD	0.74-0.76	0.76	0.77	0.76	0.76
USD/JPY	120-124	121	120	120	120
USD/MYR	4.19-4.23	4.20	4.18	4.16	4.16
USD/SGD	1.35-1.37	1.36	1.35	1.34	1.33

Rates, %	Current	2Q-22	3Q-22	4Q-22	1Q-21
Fed	0.25-0.50	1.25-1.50	1.75-2.00	2.00-2.25	2.00-2.25
ECB	-0.50	-0.50	-0.50	-0.25	-0.25
BOE	0.75	1.25	1.25	1.25	1.25
RBA	0.10	0.10	0.75	1.00	1.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	2.00	2.00	2.25

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
08/04	Nil	
11/04	NZ Card Spending Retail MoM (Mar)	-7.8%
	CN PPI YoY (Mar)	8.8%
	CN CPI YoY (Mar)	0.9%
	MA Industrial Production YoY (Feb)	4.3%
	JP Machine Tool Orders YoY (Mar P)	31.6%
	UK Monthly GDP (MoM) (Feb)	0.8%
	UK Industrial Production MoM (Feb)	0.7%
	UK Index of Services MoM (Feb)	0.8%
	UK Visible Trade Balance GBP/Mn (Feb)	-£26,499m

Source: Bloomberg

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