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Global Markets Research

Daily Market Highlights

11-Apr: US stocks closed lower last week

Tech shares led the equities selloff amid impending Fed tightening

Dollar strength dominated market alongside higher UST yields

Extended selloff in oil left oil benchmarks lower for second week

- US stocks ended Friday's session generally lower and closed out the week on a negative note as the markets mulled the impacts of the Federal Reserve's impending policy tightening and a series of new Western sanctions imposed on Russia. The S&P 500 fell 0.3% alongside a sharply lower NASDAQ index (-1.3%). The Dow Jones rose 0.4%, supported by shares of UnitedHealth, Home Depot and Goldman Sachs. For the week, tech-focus NASDAQ (-3.9% w/w) led the losses of major indexes, followed by the S&P 500 (-1.3% w/w) while the Dow Jones was relatively resilient (-0.3 w/w).
- On Friday, investors continued to dump US treasuries amid a broad-based selloff in global bonds. Short-dated notes cheapened the most as the overall UST yields rose by 3.9 to 6.5bps. The yield on the benchmark 10Y UST picked up 4.2bps to 2.71%, a level last seen in March 2019.
- The dollar closed higher last week in concurrent with the higher yields. The dollar index rose slightly to 99.80 (+0.05%) on Friday, the highest level since May 2020. In the G10 group, NZD slumped 0.6% ahead of this week's RBNZ policy decision. On a weekly basis, the EUR and JPY suffered 1.5% w/w losses, driven by the expected policy divergence between ECB, BOJ versus the Fed.
- USD/MYR closed little changed at 4.2210 on Friday and recorded a weekly increase of 0.2% as the ringgit weakened alongside other Asian currencies against the greenback. We are slightly bullish on USD/MYR this week, likely inching higher to a range of 4.20-4.23 in anticipation of continuous rally in the greenback reinforced by prospects of the Fed aggressive policy normalization. Malaysia industrial production is on the deck but unlikely to have any bearing on the pair.
- Oil benchmarks snapped a three-day losing streak on Friday, rebounding by over 2.0% but still ended the week 1.0-1.5% lower. Brent crude settled at \$102.78/barrel and WTI at \$98.26/barrel, following a two-week long selloff in the oil market.
- US and Europe stock futures pointed to gains this morning as investors focus on France's first round of presidential election. Key central bank decisions this week include those from the ECB, BOC, RBNZ and Singapore MAS while key data include the US CPI, the UK output, job indicators and CPI as well as China's trade and inflation readings.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,721.12	0.40
S&P 500	4,488.28	-0.27
NASDAQ	13,711.00	-1.34
Stoxx 600	460.97	1.31
FTSE 100	7,669.56	1.56
Nikkei 225	26,985.80	0.36
Hang Seng	21,872.01	0.29
Straits Times	3,383.28	-0.62
KLCI 30	1,607.29	0.41
FX		
Dollar Index	99.80	0.05
EUR/USD	1.0877	-0.02
GBP/USD	1.3025	-0.38
USD/JPY	124.34	0.31
AUD/USD	0.7458	-0.29
USD/CNH	6.3699	0.11
USD/MYR	4.2210	0.04
USD/SGD	1.3636	0.16
Commodities		
WTI (\$/bbl)	98.26	2.32
Brent (\$/bbl)	102.78	2.19
Gold (\$/oz)	1,941.60	0.40

Source: Bloomberg, HLBB Global Markets Research

New Zealand's retail spending fell in March:

- New Zealand's total card spending rose 1.6% m/m in March (Feb: -7.6%), driven by the spending in the non-retail industries including the travel agencies and tour arrangement services which coincided with the upcoming easing of restrictions on international travel. The retail card spending fell 1.3% m/m, extending from the 7.8% decline in February. The core retail spending was down by 1.4% (Feb: -8.2%), reflecting lower apparel and consumables.

House View and Forecasts

FX	This Week	2Q-22	3Q-22	4Q-22	1Q-21
DXY	99-101	98.5	99.0	98.0	97.5
EUR/USD	1.08-1.10	1.10	1.09	1.10	1.12
GBP/USD	1.30-1.32	1.29	1.28	1.3	1.31
AUD/USD	0.74-0.76	0.76	0.77	0.76	0.76
USD/JPY	120-125	121	120	120	120
USD/MYR	4.20-4.23	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
11/04	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
12/04	AU NAB Business Confidence (Mar)	13.0
	UK Payrolled Employees Monthly Change (Mar)	275k
	UK Jobless Claims Change (Mar)	-48.1k
	UK Average Weekly Earnings 3M/YoY (Feb)	4.8%
	UK ILO Unemployment Rate 3Mths (Feb)	3.9%
	UK Employment Change 3M/3M (Feb)	-12k
	EZ ZEW Survey Expectations (Apr)	-38.7
	US NFIB Small Business Optimism (Mar)	95.7
	US CPI YoY (Mar)	7.9%

Source: Bloomberg

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