Global Markets Research
Daily Market Highlights

26-Apr: Rebound in US equities

US stocks rebounded, brushing side COVID-19 situation in China
Bullish dollar and subdued demand outlook saw further pullback in crude oil prices
MYR continued to weaken further to fresh 2-year low against greenback

- US stocks rallied, staging their biggest intra-day turnaround in 2 months on Monday as investors shook off early weakness arising from concerns over Covid-19 development in China with mass testing started in the capital city Beijing. Both the Dow Jones and S&P rose 0.7% and 0.6% each as the tech-heavy NASDAQ jumped higher by 1.3%. European stocks however fared weaker overall while Asian markets such as Nikkei and Hang Seng posted losses of 1.9% and 3.7%.

- US Treasuries surged on Monday along with other sovereign debts and safe-haven currencies with benchmark yields well-bid, closing 4-8bps lower. The UST 2Y yield ended 4bps lower at 2.63% whilst benchmark UST 10Y yield fell 8bps to 2.82%. The Fed is seen to be in a black-out period until the 3rd of May before the FOMC meeting commences.

- In the FX market, the dollar remained firm although it closed mixed against G10 currencies despite being buoyed by hawkish sentiment in recent weeks. The dollar index rose 0.5% to 101.75, staying well-above recent 100 levels. GBP and EUR weakened between 0.7-0.8% whereas the Yen has recovered from a 20-year low against the greenback with a 0.3% gain.

- USD/MYR saw no let-up as it rose further by 0.7% to 4.3570 with most of the resistance levels have been taken. The Ringgit continued to be under pressure and fixated over a potential 50bps rate hike in the US come May. It also saw similar weakness against most Asian currencies, sinking the most against Yen and SGD. The USD/Asia pairs were seen moving higher between 0.15-0.84% due to the bullish greenback.

- Gold futures declined 2.0% to $1893.20/oz, continuing the daily pullback to levels seen last in June 2021. Expect the bullion to undergo further correction as the Fed looks toward raising interest rates by at least 50 bps in May. Oil prices plunged on expectations for aggressive interest-rate increases by the Fed, as well as slowing growth concern in China, which will likely dampen prospects for energy demand. Brent crude ended lower at $102.32/barrel following a 4.1% loss while the US WTI declined 3.5% to $98.54/barrel.

US Chicago Fed Nat Activity Index eased less than expected

- March CFNAI which tracks overall economic activity and inflationary pressures pulled back to +0.44 versus +0.40 consensus and +0.51 prior. Nevertheless, US economic activity eased in March with three of the four broad categories of indictors making positive contributions, namely sales, orders and inventories categories.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,049.46	0.70
S&P 500	4,296.12	0.57
NASDAQ	13,004.85	1.29
Stoxx 600	445.11	-1.81
FTSE 100	7,380.54	-1.88
Nikkei 225	26,590.78	-1.90
Hang Seng	19,869.34	-3.73
Straits Times	3,339.59	-0.64
KLCI 30	1,589.98	-0.75
FX		
Dollar Index	101.75	0.53
EUR/USD	1.0713	-0.71
GBP/USD	1.2741	-0.76
USD/JPY	128.14	-0.28
AUD/USD	0.7178	-0.91
USD/CNH	6.5721	0.70
USD/MYR	4.3570	0.74
USD/SGD	1.3743	0.23
Commodities		
WTI ($/bbl)	98.54	-3.46
Brent ($/bbl)	102.32	-4.06
Gold ($/oz)	1,893.20	-1.96

Source: Bloomberg, HLBB Global Markets Research

US Dallas Fed manufacturing saw slower expansion in April

- Texas factory activity expanded at a moderate pace in April with key production index notching two points down to 10.8; a reading in line with the index's average. However, the broader business conditions were slightly mixed in April. The general business activity dipped to 1.1 in April from 8.7 prior month.

Singapore March CPI punched way above estimates at 5.4% y/y

- The republic recorded higher y/y inflation of 5.4% (Feb: 4.3%) with the largest increase seen since 2011 for the transport component which ballooned to +14.8%; followed by milder increase in health care costs. Core inflation which excludes private transport and accommodation costs rose by 2.9% in March, on the back of costlier food and services. The data comes after the central bank's decision this month to tighten monetary policy, and may continue to buoy expectations for further policy tightening ahead.

Malaysia's foreign reserves retreated to $114.4bn as at 15 Apr

- Malaysia's foreign reserves pulled back to $114.4bn as at 15th April compared to $115.6bn two weeks ago and is sufficient to finance 6 months of retained imports and is 1.2x external debt.

House View and Forecasts

FX	This Week	2Q-22	3Q-22	4Q-22	1Q-23
DXY	99-101.50	98.5	99.0	98.0	97.5
EUR/USD	1.07-1.09	1.10	1.09	1.10	1.12
GBP/USD	1.26-1.32	1.29	1.28	1.30	1.31
AUD/USD	0.70-0.75	0.76	0.77	0.76	0.76
USD/JPY	126-130	121	120	120	120
USD/MYR	4.28-4.38	4.20	4.18	4.16	4.16
USD/SGD	1.35-1.38	1.36	1.35	1.34	1.33

Rates, %	Current	2Q-22	3Q-22	4Q-22	1Q-23
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
26/04	JP Job-To-Applicant Ratio (Mar)	1.21
	JP Jobless Rate (Mar)	2.7%
	SG Industrial Production YoY (Mar)	17.6%
	US Durable Goods Orders (Mar P)	-2.1%
	US Cap Goods Orders Nondef Ex Air (Mar P)	-0.2%
	US FHFA House Price Index MoM (Feb)	1.6%
	US S&P CoreLogic CS 20-City YoY NSA (Feb)	19.1%
	US Conf. Board Consumer Confidence (Apr)	107.2
	US Richmond Fed Manufact. Index (Apr)	13.0
	US New Home Sales MoM (Mar)	-2.0%
27/04	CN Industrial Profits YoY (Mar)	4.2%
	AU CPI YoY (1Q)	3.5%
	US MBA Mortgage Applications (22 Apr)	-5.0%
	US Advance Goods Trade Balance (Mar)	-$106.3b
	US Pending Home Sales MoM (Mar)	-4.1%

Source: Bloomberg

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