

27 April 2022

Global Markets Research

Daily Market Highlights

27-Apr: Tech shares led declines in US equities

US stocks sank amid concerns over economic growth and inflation

DXY rose to a fresh 2-year high

Threatened halt in gas deliveries by Russia spurred gains in WTI and Brent prices

- US stocks sank, reversing prior day's relief rally as mixed earnings spurring concerns that economic growth will slow going forward. Both the Dow Jones and S&P ended 2.4% and 2.8% lower as the tech-heavy NASDAQ booked its lowest close since 2020 by dropping 4.0% as investors waded further through a busy week of US-company-earnings. European stocks however closed mixed on smaller deviation while Asian markets such as Nikkei and Hang Seng fared better, gaining marginally between 0.3-0.4% instead.
- US treasuries continued to surge on Tuesday with the shorter-maturities leading the rally on risk-aversion and economic growth fears despite concerns over the hawkishness from the FOMC, with benchmark yields closing 6-14bps lower. The UST 2Y yield ended at 2.48% whilst benchmark UST 10Y note yield fell 10bps to 2.73%.
- In the FX market, risk aversion coupled with hawkish Fed sentiment sparked demand for the dollar, closing stronger against most G10 currencies. The dollar index rose 0.5% to 102.30, to a new 2-year high. EUR weakened by 0.7%, to the lowest since 2017 whereas the JPY traded 0.7% stronger against the greenback.
- USD/MYR saw levels inch only slightly lower i.e., by less than 0.1% to 4.3555. The MYR snapped a 6-day weakness with technical indicators suggesting the currency may be oversold. Overall, the MYR continued to be influenced by external events including US FOMC rate decision next week and also mass COVID-19 testing in Beijing underlining a possible lockdown in the capital city. MYR closed mixed against a basket of Asian currencies, sinking the most against JPY but strengthening by 0.6% against the THB. The USD/Asia pairs ended mixed.
- Gold futures rose 0.4% to \$1901.40/oz, reversing the earlier pullback seen prior week. Expect the bullion to range sideways as the Fed looks toward raising interest rates at least by 50 bps in May. Oil prices rallied as Russia threatened to halt gas deliveries to Poland from 27th April, brushing aside earlier views of subdued energy demand. Brent crude gained 2.6%, closing at \$104.99/barrel while the US WTI rose 3.2% to settle at \$101.70/barrel.

US Durable Goods Orders for March rose by 0.8%

- Orders placed with US factories for durable goods rose in March, pointing to sustained investment especially in core capital goods which is seen as a proxy for investment equipment that excluded military hardware and aircraft. This was pleasant, considering the 2.1% decline seen in February.

US FHFA House Price Index rose more-than-expected in February

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,240.18	-2.38
S&P 500	4,175.20	-2.81
NASDAQ	12,490.74	-3.95
Stoxx 600	441.10	-0.90
FTSE 100	7,386.19	0.08
Nikkei 225	26,700.11	0.41
Hang Seng	19,934.71	0.33
Straits Times	3,322.05	-0.53
KLCI 30	1,596.68	0.42
FX		
Dollar Index	102.30	0.54
EUR/USD	1.0638	-0.70
GBP/USD	1.2574	-1.31
USD/JPY	127.23	-0.71
AUD/USD	0.7123	-0.77
USD/CNH	6.5898	0.27
USD/MYR	4.3555	-0.03
USD/SGD	1.3791	0.35
Commodities		
WTI (\$/bbl)	101.70	3.21
Brent (\$/bbl)	104.99	2.61
Gold (\$/oz)	1,901.40	0.43

Source: Bloomberg, HLBB Global Markets Research

- The Federal Housing Finance Agency index showed upbeat numbers, registering a faster growth of 2.1% versus prior month's 1.6% as home prices jumped 19.4% y/y in February. The highest rise was seen in South Atlantic.

US S&P CoreLogic CS 20-City notches strong growth of 20.2% YoY NSA for February

- The S&P/Case-Schiller Home price Index which were derived from sales of individual properties saw New York, San Francisco and New York pave the way for higher recorded levels.

US Conference Board Consumer Confidence declined slightly in April

- Consumer confidence took a slight dent declining by 0.3 points to 107.3 in April but way lower compared to economists' estimates at 108.5. Although views on current conditions slightly worsened, consumers assessment of the labour market was seen upbeat and rose in April; with intentions to buy big-ticket items such as automobiles and homes.

US Richmond Fed Manufacturing ticked up to 14 in April

- Overall business activity index for the mid-Atlantic region factories rose to 14 in April (Mar: 13). Shipments and capacity utilization jumped the most in surveys done for Maryland, Virginia, West Virginia, District of Colombia and also Carolina.

US New Home Sales dropped to a 4-month low in March

- High prices and surging borrowing costs have dampened sales of new homes in April. Purchases of new single-family homes decreased 8.6% to 763k annualized pace despite economists' survey of 768k. The average mortgage rate for a 30-year loan climbed to 5.11%, the highest since 2010.

Japan's job data improved in March

- Job offers outnumbered applicants by 1.22; a greater margin than in February. This suggests that falling Omicron-variant case numbers and the lifting of restrictive measures helped boost the labour market; despite a sputtering economy in 1Q2022.
- The jobless rate settled at an almost 2-year low of 2.6% in March (Feb: 2.7%) thanks to the easing of COVID-19 restrictions; whilst edging closer to the pre-pandemic logging of 2.4%. The number of people working rose by 180k from February.

Singapore industrial production rose more-than-expected in March

- The republic recorded modest y/y production growth of 3.4% (estimates: 2.0%) with biomedical and electronics components bearing the brunt of pullback in growth compared to prior month's 17.6% y/y increase. Nevertheless, the bright spark was seen in transport engineering equipment.

House View and Forecasts

FX	This Week	2Q-22	3Q-22	4Q-22	1Q-23
DX	99-103	98.5	99.0	98.0	97.5
EUR/USD	1.05-1.09	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	4.30-4.38	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
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%
28/04	NZ Exports NZD (Mar)	5.49b
	JP Retail Sales MoM (Mar)	-0.9%
	JP Industrial Production MoM (Mar P)	2.0%
	NZ ANZ Business Confidence (Apr)	-41.9
	HK Exports YoY (Mar)	0.9%
	EZ Economic Confidence (Apr)	108.5
	US GDP Annualized QoQ (1Q A)	6.9%
	US Initial Jobless Claims (23 Apr)	--
	US Kansas City Fed Manufacturing Activity (Apr)	37.0
	JP BOJ Policy Balance Rate (28 Apr)	-0.1%

Source: Bloomberg

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