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Global Markets Research

Daily Market Highlights

29-Mar: Some easing in global bond rout

Continued rally in US equities led by tech shares

US treasuries traded mixed; further flattening the curve

The greenback strengthened; gold and oil fell on growth and demand concerns

- US stocks were quick to shrug off early session losses stoked by headlines of suspected food poisoning among several peace negotiators in Kyiv, ongoing concerns over inflation and slowing growth, more hawkish Fed stance in addition to the latest Shanghai lockdown. All three US key stock benchmark indices ended Monday in positive territory, up between 0.3-1.3% d/d led by tech shares. In what may be deemed as positive catalysts to the markets, US President Biden tried to soften his comments, saying his call for the removal of Russia President Putin was a moral outrage, not a policy change. The US President also proposed a \$5.8 trillion budget plan that seeks to raise military and police spending, taxes on the rich, as well as prioritizing affordable housing and supply chain issue. This marked a steer to a more center-leaning budget, in the run-up to the mid-term election. Earlier, stocks traded mixed in European and Asian sessions and futures point to another mixed start today.
- US Treasuries regained some posture after prior selloffs, resulting in mixed performances across the curve. The front end up to 5Y continued to see higher yields of between 1-6bps, while the mid to long end registered declines of between 0-5bps, further flattening the curve. The benchmark 2Y note yield rose 6bps to 2.33% despite a poor 2Y note auction while the 10s shed 2bps to 2.46%.
- In the FX market, the USD continued to gain grounds, strengthening against all G10s save for the minute 0.02-0.03% losses against the EUR and DKK. The greenback advanced the most against the JPY (+1.5%) and NOK (+1.3%) and was also stronger against most major Asian currencies. The dollar index climbed to an intraday high of 99.37 before narrowing gains to 99.15, up 0.4% d/d.
- USD/MYR saw some volatile moves on Monday especially in early morning trading, pulling back from a high of 4.2153 to an intraday low of 4.2075 within the first hour of trading. The pair climbed steadily higher thereafter and briefly broke the 4.22 handle before easing to a 4.2165 close, up 0.2% d/d, still relatively resilient compared to its peers as further spikes in global bond yields on concerns over Fed rate hike path and global growth prospects continued to unnerve investors. USD/MYR remains bullish, but positive momentum is softening, hence likely keeping the pair in a range of 4.20-4.22 for now.
- Gold futures continued to decline, losing another 0.7% to \$1939.80/oz amid return of some sense of calm. Crude oil prices also fell as Shanghai lockdown raised concerns over economic growth and demand for oil. The WTI fell 7.0%

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,955.89	0.27
S&P 500	4,575.52	0.71
NASDAQ	14,354.90	1.31
Stoxx 600	454.17	0.14
FTSE 100	7,473.14	-0.14
Nikkei 225	27,943.89	-0.73
Hang Seng	21,684.97	1.31
Straits Times	3,431.99	0.54
KLCI 30	1,597.95	-0.33
FX		
Dollar Index	99.15	0.36
EUR/USD	1.0985	0.02
GBP/USD	1.3088	-0.71
USD/JPY	123.86	1.48
AUD/USD	0.7489	-0.35
USD/CNH	6.3868	0.05
USD/MYR	4.2165	0.17
USD/SGD	1.3611	0.22
Commodities		
WTI (\$/bbl)	105.96	-6.97
Brent (\$/bbl)	112.48	-6.77
Gold (\$/oz)	1,939.80	-0.74

Source: Bloomberg, HLBB Global Markets Research

to \$105.96/ barrel while the Brent contracted 6.8% to \$112.48/ barrel. OPEC+ meeting on Thursday will likely be another key event risk for oil.

Uptick in US wholesale inventories; Dallas Fed manufacturing eased

- Preliminary wholesale inventories ticked up more than expected to 2.1% m/m in February (Jan: +1.1% m/m upwardly revised), driven by continuous increases in both durable (+1.7% vs +1.1%) and non durable (+2.8% vs +1.2%) goods inventories, in line with the slower rise in retail sales. On the contrary, growth in retail inventories eased to 1.1% m/m (Jan: +1.9%)
- Dallas Fed manufacturing index lost some steam to 8.7 in March (Feb: 14.0). The pullback was bigger than the 11.0 expected reading, reflecting respondents' gloomier than expected outlook on Texas manufacturing activity. Outlook on production, new orders and shipments all fell, far outweighing the uptick in capacity utilization, unfilled orders, employment and inflation. The survey showed manufacturers are expecting a jump in raw materials costs in the next six months, and does not discount the possibility of cost pass-through to consumers, hence potentially further fanning inflationary risks.

Hong Kong exports tapered off more than expected in February

- Expansions in both exports and imports tapered off more than expected in February, offering tell-tale signs of adverse impact from a slower China economy, seasonal and Covid factors aside. Exports growth came to a near halt at 0.9% y/y in February (Jan: +18.4% y/y), while imports growth moderated to 6.2% y/y (Jan: +9.6%), both at its worst since 4Q20. Trade balance returned to a deficit of HKD32.1bn, proving the surplus in January was just a blip, as exports posted a bigger 31.7% m/m decline vs the 23.6% m/m decline in imports. The monthly decline in exports was broad-based, led by lower exports to China, Hong Kong's biggest exports destination (56.7% of total), which contracted by a whopping 30.1% m/m, while exports to the US also plunged 44.2% m/m.

Steady Japanese job data

- Jobless rate surprisingly improved to 2.7% in February (Jan: 2.8%) and has been staying below 3.0% for the 13th consecutive month. Job-to-applicant ratio also inched higher to 1.21 (Jan: 1.20), its highest since Apr-20, suggesting a healthy and stable labour market.

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DX	98-100	96.15	96.40	96.30	96.30
EUR/USD	1.08-1.10	1.13	1.12	1.12	1.13
GBP/USD	1.30-1.33	1.34	1.33	1.35	1.36
AUD/USD	0.74-0.76	0.72	0.72	0.74	0.75
USD/JPY	119-123	115	116	115	114
USD/MYR	4.20-4.25	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
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29/3	AU Retail Sales MoM (Feb)	1.8%
	US FHFA House Price Index MoM (Jan)	1.2%
	US S&P CoreLogic CS 20-City YoY NSA (Jan)	18.56%
	US Conf. Board Consumer Confidence (Mar)	110.5
	US JOLTS Job Openings (Feb)	11263k
	VN GDP YoY (1Q)	5.2%
	VN CPI YoY (Mar)	1.4%
	VN Exports YoY (Mar)	13.2%
	VN Retail Sales YTD YoY (Mar)	1.7%
	VN Industrial Production YoY (Mar)	8.5%
30/3	JN Retail Sales MoM (Feb)	-0.9%
	NZ ANZ Business Confidence (Mar)	-51.8
	EC Economic Confidence (Mar)	114
	US MBA Mortgage Applications (25 Mar)	--
	US ADP Employment Change (Mar)	475k
	US GDP Annualized QoQ (4Q T)	7.0%

Source: Bloomberg

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