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Global Markets Research

Daily Market Highlights

30-Mar: Russia-Ukraine de-escalation prospects grew

US stocks tracked advance in global equities while USD, oil prices slumped

Ukraine and Russia cited progress in Turkey peace talks

US job openings near record high in February

- US stocks advanced further overnight, tracking the general rise in global equities on Tuesday. The Dow Jones rose nearly 1%, while the S&P 500 and NASDAQ respectively gained 1.2% and 1.8%. European stock benchmarks had closed sharply higher earlier, as the DAX and CAC 40 picked up 2.8-3.1%. In Asia, the Nikkei 225 and Hang Seng index both picked up 1.1% while Chinese equities extended declines amid the Shanghai lockdown.
- Asian stock futures rose this morning, indicating a positive start to a new trading session amid the growing prospects of a Russia-Ukraine ceasefire. Both countries said they made progress in the latest round of peace talks at Kyiv in Turkey.
- Treasury yields declined on Tuesday; the spread between the 2Y and 10Y yields narrowed further by 10bps, adding to signs of an imminent inversion of the curve. The benchmark 10Y UST yield slipped 6.3bps to 2.40% while the yield on the 2Y notes was flat at 2.37%.
- The greenback weakened against all G10 currencies on the possibility of a Russia-Ukraine de-escalation. The Swedish krona led the gains (+1.8%) while the euro was seen surging by 0.9%. The dollar index plunged for the first time since 17 March (by 0.7% to 98.40), after having closed either higher or flat for the past week.
- USD/MYR slipped marginally (-0.07%) to 4.2135 on Tuesday. The renewed USD weakness may reverse some recent gains, but the anticipation for today's BNM economic and monetary review and the release of fresh macro forecasts may prevent any sharp swing, likely keeping the pair within 4.20-4.22.
- In the commodity market, gold futures slumped 1.4% to \$1912.2/oz, marking their third successive decline. Oil benchmarks slipped further on Tuesday after the selloff on Monday- Brent crude lost 2.0% to \$110.23/barrel and WTI edged lower by 1.6% to \$104.24/barrel.

US job openings still near record high; consumer expectations weakened:

- US job openings totalled 11.3mil in February according to the latest JOLTS report, barely changed from the previous month (11.3mil) and still near the record high of 11.5mil in December last year. This reaffirmed the strong hiring demand among US businesses. The report also showed 4.4mil job quits in the same month (Jan: 4.3mil) while the "quits-rate" rose to 2.9%, from 2.8% as Americans resigning from their roles sought better compensations in a tight labour market.
- The Conference Board Consumer Confidence rose to 107.2 in March, from 105.7 prior, reflecting the stronger present situation index (+10pts) which points to solid economic growth continuing into late 1Q. The expectations gauge fell 4.2pts in March, following a sharp downward revision to its February's reading. This was attributed to higher prices (especially at the gas pump) and the Ukraine-Russia war.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,294.19	0.97
S&P 500	4,631.60	1.23
NASDAQ	14,619.64	1.84
Stoxx 600	462.09	1.74
FTSE 100	7,537.25	0.86
Nikkei 225	28,252.42	1.10
Hang Seng	21,927.63	1.12
Straits Times	3,433.90	0.06
KLCI 30	1,583.42	-0.91
FX		
Dollar Index	98.40	-0.69
EUR/USD	1.1086	0.92
GBP/USD	1.3093	0.04
USD/JPY	122.88	-0.79
AUD/USD	0.7509	0.27
USD/CNH	6.3755	-0.18
USD/MYR	4.2135	-0.07
USD/SGD	1.3562	-0.36
Commodities		
WTI (\$/bbl)	104.24	-1.62
Brent (\$/bbl)	110.23	-2.00
Gold (\$/oz)	1,912.20	-1.42

Source: Bloomberg, HLBB Global Markets Research

- House prices continued to climb in January. The FHFA House Price Index rose 1.6% m/m in January (Dec: +1.3%). The S&P CoreLogic Case-Shiller Index for 20 US cities gained 1.8% m/m (Dec: +1.4%) and was 19.1% y/y higher (Dec: +18.6%)

Bigger than expected decline in Japan's retail sales hit by Omicron

- Japan's retail sales fell 0.8% m/m in February, versus the consensus estimates of -0.3% m/m, reflecting the Japanese public cautious Covid sentiment as the Omicron wave peaked in that month, hitting the record high daily new cases of 100k at one point. Retail sales in Japan have now dropped for the third consecutive month. However, sales in the previous month were revised higher to show a smaller decline of 0.9% m/m (from -1.9% in the first estimates). Retail sales were also 0.8% y/y lower compared to the same month last year (Jan: +1.1%).

Australia's retail sales jumped in February as Covid wave eased:

- Australia's retail sales exceeded expectations for the month of February; sales jumped 1.8% m/m, versus the consensus forecast of 0.9% m/m. January sales, however, were revised lower to show a smaller 1.6% m/m gain, from 1.8% in the initial estimates. Cafés, restaurants and takeaway revenues jumped 9.7% m/m to a record high of A\$4.5b, in contrast to the sales of food such as groceries (-2.6% m/m) as the number of Covid-19 cases went down that month. Sales of household goods, apparels and department store goods also picked up with the latter two groups recording 11% increases.

Vietnam's 1Q GDP at 5.0%; CPI inflation surged:

- Vietnam's 1Q22 GDP growth eased slightly to 5.0% y/y (4Q22: +5.2% y/y) as the economy continued to recover from the 3Q21 Covid slump. Other indicators were generally positive with the YTD retail sales picking up 4.4% y/y in March (Feb: +1.7%) and industrial production growth staying unchanged at 8.5% y/y. Exports rose 14.8% y/y (Feb: +13.2%) while import growth softened to 14.6% y/y (Feb: +21.9%). CPI inflation came in much higher at 2.4% y/y, from 1.4% in the previous month and beat the consensus forecast of 2.1%. The higher inflation reflects the jump in transportation costs, amid the surge in global energy prices.

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
30/03	NZ ANZ Business Confidence (Mar)	-51.8
	EC Economic Confidence (Mar)	114
	US MBA Mortgage Applications (25 Mar)	-8.1%
	US ADP Employment Change (Mar)	475k

31/03	US GDP Annualized QoQ (4Q T)	7.0%
	JN Industrial Production MoM (Feb P)	-0.8%
	CH Manufacturing PMI (Mar)	50.2
	CH Non-manufacturing PMI (Mar)	51.6
	UK GDP QoQ (4Q F)	1.0%
	HK Retail Sales Value YoY (Feb)	4.1%
	EC Unemployment Rate (Feb)	6.8%
	US Personal Income (Feb)	0.0%
	US Personal Spending (Feb)	2.1%
	US PCE Deflator YoY (Feb)	6.1%
	US Initial Jobless Claims (26 Mar)	187k
	US MNI Chicago PMI (Mar)	56.3

Source: Bloomberg

Hong Leong Bank Berhad
Fixed Income & Economic Research, Global
Markets
Level 8, Hong Leong Tower
6, Jalan Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
HLMarkets@hlbb.hongleong.com.my

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