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Global Markets Research

Daily Market Highlights

5 April: Markets jolted by disappointing US job openings

Job openings dipped below 10m for the first time since 2021

UST yields and DXY fell; GBP hit 10-month high; bullion prices raced above \$2k/oz

RBA left cash rate at 3.60%; less certain over the need for further policy tightening

- Wall Street snapped its four-day winning streak after the JOLTS report showed that the number of job vacancies dropped below 10m for the first time since May 2021, bolstering the case for the Fed to pause its tightening campaign. The Dow Jones Industrial Average and S&P 500 fell 0.6% d/d each, while the Nasdaq Composite slipped 0.5% d/d. Shares of financial heavyweights like Wells Fargo and Citigroup slipped. Jamie Dimon, in his annual letter to shareholders also warned that the US banking crisis that unfolded last month will be felt for years.
- European stocks closed slightly lower as the oil and gas sector gave up some gains following the surprised output cut by the OPEC+. Despite trading higher for most of the session, Stoxx 600 closed down 0.1%, its second consecutive day of marginal losses. FTSE 100 also lost 0.5% d/d. Markets in Asia closed mixed, with the Nikkei 225 up 0.4% d/d, while Hang Seng slid 0.7% d/d.
- Treasury yields slumped after the JOLTS report, with the 2Y UST plunging 14bps to 3.83% while the longer-dated 10Y fell 7bps to 3.34%. European bond yields traded mixed, with the 10Y closing between -2bps to +5bps.
- The Dollar Index continued to lose ground on weak economic data, slipping 0.5% d/d to 101.59. GBP hit a 10-month high after the Bank of England's chief economist warned domestically-generated inflation remained a key risk. GBP closed 0.7% d/d stronger, while EUR appreciated 0.5% d/d. In Asia Pacific, AUD weakened 0.5% d/d after the RBA maintained its cash rates and gave a more dovish statement. CNH closed flattish but JPY strengthened 0.6% d/d. Both the MYR and SGD closed 0.3% and 0.1% d/d stronger at 4.4043 and 1.3255.
- Oil prices were little changed, closing between 0-0.4% d/d higher in choppy trading as investors weighed OPEC+ plans to cut more production against weak economic data from the US and China that could suggest cooling oil demand. Gold raced past \$2k/oz, closing the day 1.9% d/d higher.

RBA maintained cash rates at 3.60%

- As widely expected, the Reserve Bank of Australia (RBA) left the cash rate target unchanged at 3.60%. Key highlights from the statement include: 1) In justifying the pause, RBA said that monetary policy operates with a lag and that the full effect of the substantial increase in interest rates is yet to be felt. 2) Similar to its previous minutes, there was emphasis on slowing household spending. 3) While the board expects that some further tightening of

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,402.38	-0.59
S&P 500	4,100.60	-0.58
NASDAQ	12,126.33	-0.52
Stoxx Eur 600	457.34	-0.08
FTSE 100	7,634.52	-0.50
Nikkei 225	28,287.42	0.35
Hang Seng	20,274.59	-0.66
Straits Times	3,311.12	0.92
KLCI 30	1,429.61	-0.26
FX		
Dollar Index	101.59	-0.50
EUR/USD	1.0953	0.50
GBP/USD	1.2501	0.70
USD/JPY	131.71	-0.57
AUD/USD	0.6751	-0.52
USD/CNH	6.8788	0.03
USD/MYR	4.4043	-0.31
USD/SGD	1.3255	-0.11
Commodities		
WTI (\$/bbl)	80.71	0.36
Brent (\$/bbl)	84.94	0.01
Gold (\$/oz)	2,022.20	1.93
Copper (\$\$/MT)	8,751.00	-1.86
Aluminum(\$/MT)	2,370.50	-1.13
CPO (RM/tonne)	4,209.00	1.40

Source: Bloomberg, HLBB Global Markets Research

monetary policy may well be needed to ensure that inflation returns to target, this is a departure from “will be needed” previously.

- Separately, the Judo Bank Australia Services PMI was revised upwards by 0.4ppts to 48.6 in March (Feb: 50.7). Sub-sector data indicated that the finance & insurance sector saw the sharpest fall in activity during the month.

US job openings dipped below 10m for the first time since 2021

- The number of job openings, according to JOLTS, dipped more than expected to 9.9m in February (Jan: 10.6m). This is the lowest since May 2021 and while this data may be volatile, this will hopefully give a reprieve to the wage-price spiral. The largest decline in vacancies were in business services, healthcare and social assistance as well as transportation, warehousing and utilities, while openings rose in construction and recreation and entertainment. However, it should be noted that while hiring eased, layoffs also declined to 1.0% (Jan: 1.1%). The quit rate edged up to 2.6% (Jan: 2.5%), while the ratio of openings to unemployed slid to 1.7, the lowest since November 2021 but still above 1.2 before the pandemic.
- US factory orders decelerated more than expected by 0.7% m/m in February (Jan: -2.1% m/m). More importantly, capital goods non-defense ex aircraft, a proxy for capex spending, fell 0.1% m/m (Jan: +0.5% m/m). Orders for durable goods also fell 1.0% m/m (Jan: -5.0% m/m) while shipment for consumer goods turnaround to -1.1% m/m (Jan: +0.7% m/m).

Eurozone producer prices fell 0.5% m/m mostly due to energy prices

- Eurozone’s producer price continued with its downward trend, decelerating more than expected to 13.2% y/y in February (Jan: 15.1% y/y). On a m/m basis, PPI fell 0.5% m/m (Feb: -2.8% m/m) almost entirely due to lower energy prices. Excluding energy, producer prices inflation softened to +0.2% m/m (Jan: +1.1% m/m) with softer price pressures seen across board and price of intermediate goods turning contractionary.

House View and Forecasts

FX	This Week	1Q-23A	2Q-23	3Q-23	4Q-23
DX	101-103	103	104	103	102
EUR/USD	1.08-1.10	1.08	1.06	1.06	1.06
GBP/USD	1.22-1.25	1.23	1.21	1.21	1.21
USD/JPY	130-134	133	132	132	131
AUD/USD	0.66-0.68	0.67	0.69	0.70	0.71
USD/MYR	4.38-4.44	4.42	4.36	4.30	4.25
USD/SGD	1.32-1.34	1.33	1.31	1.29	1.27

Rates, %	Current	1Q-23A	2Q-23	3Q-23	4Q-23
Fed	4.75-5.00	4.75-5.00	5.00-5.25	5.00-5.25	5.00-5.25
ECB	3.50	3.50	4.00	4.00	4.00
BOE	4.25	4.25	4.25	4.25	4.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	3.60	3.60	3.60	3.60	3.60
BNM	2.75	2.75	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
5-April	JN Jibun Bank Japan PMI Services (Mar F)	54.2
	SI S&P Global Singapore PMI (Mar)	49.6
	SI Retail Sales Ex Auto YoY (Feb)	2.10%

6-April	EC S&P Global Eurozone Services PMI (Mar F)	55.6
	UK S&P Global/CIPS UK Services PMI (Mar F)	52.8
	US MBA Mortgage Applications (11383)	2.90%
	US ADP Employment Change (Mar)	242k
	US Trade Balance (Feb)	-\$68.3b
	US S&P Global US Services PMI (Mar F)	53.8
	US ISM Services Index (Mar)	55.1
	HK S&P Global Hong Kong PMI (Mar)	53.9
	AU Exports MoM (Feb)	1%
	AU Imports MoM (Feb)	5%
	CH Caixin China PMI Services (Mar)	55
	UK S&P Global/CIPS UK Construction PMI (Mar)	54.6
	US Challenger Job Cuts YoY (Mar)	410.10%
	US Initial Jobless Claims	198k
	US Continuing Claims	1689k

Source: Bloomberg

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