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Global Markets Research

Daily Market Highlights

7 March: Wall Street awaits Powell's Congress testimony

Markets in rangebound mode ahead of Powell's testimony and NFP

WTI & Brent crude oil rose on remarks Permian Basin output will peak in 5-6 years

Data bag pointed to softer growth outlook and still high inflationary pressure

- Wall Street failed to gain traction on Monday, with the Dow Jones and S&P 500 rising slightly by 0.1% d/d each, while the Nasdaq Composite dipped 0.1% d/d as investors braced for Federal Reserve Chair Jerome Powell congressional testimony slated for Tuesday and Wednesday. The remarks will most likely guide investors and lawmakers on how the central bank is thinking about inflation and its rate-hiking campaign.
- Stoxx 600 also closed just below the flatline, while FTSE100 dipped 0.2% d/d. Stocks in Asia-Pacific traded mixed, with Nikkei 225 up 1.1% d/d, Hang Seng rising 0.2% d/d while CSI 300 fell 0.5% d/d as investors weighed China's growth target set in its parliamentary session.
- Bond yields rose slightly, with the 10-year Treasury note trading up 1bps to 3.96%, while the 2-year yield gained 3bps to 4.89%.
- The Dollar Index was soft in the session, trading within a narrow range of 104.16-104.69 before closing the day 0.2% d/d lower at 104.35. EUR strengthened 0.4% d/d, but GBP weakened 0.1% d/d. JYP weakened slightly by less than 0.1% d/d ahead of the final policy meeting for Bank of Japan Governor Haruhiko Kuroda this week. CNH dipped 0.8% d/d after China set a lower-than-expected target for economic growth this year of around 5.0%. Both the MYR and SGD closed relatively unchanged at 4.4783 and 1.3451 respectively.
- Gold was unchanged as investors prepared for the Congressional testimony as well as monthly US jobs data, both of which could influence interest rate policy and the Dollar. West Texas and Brent closed up 1.0% d/d and 0.4% d/d respectively. Pioneer CEO Scott Sheffield said that oil production in the Permian Basin will peak in 5-6 years and that he sees oil price at \$100/barrel by end of year.

US factory orders fell 1.6% on aircraft

- US factory orders fell less than expected by 1.6% m/m in January (Dec: +1.7% m/m) pulled down by a plunge in civilian aircraft bookings. Excluding transportation, orders rebounded to grow by +1.2% m/m (Dec: -1.2% m/m). Increases in machinery and a range of other products, meanwhile, suggested that manufacturing could be regaining its footing. Orders for motor vehicles and parts increased 1.3%. Orders for machinery shot up by 1.6% m/m, while bookings for computers and electronic products rose 0.6% m/m. More importantly, orders for non-defense capital goods excluding aircraft, seen as a

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,431.44	0.12
S&P 500	4,048.42	0.07
NASDAQ	11,675.74	-0.11
Stoxx Eur 600	464.18	-0.02
FTSE 100	7,929.79	-0.22
Nikkei 225	28,237.78	1.11
Hang Seng	20,603.19	0.17
Straits Times	3,239.31	0.23
KLCI 30	1,452.68	-0.06
FX		
Dollar Index	104.35	-0.16
EUR/USD	1.0681	0.43
GBP/USD	1.2025	-0.09
USD/JPY	135.93	0.04
AUD/USD	0.6730	-0.59
USD/CNH	6.9498	0.79
USD/MYR	4.4783	0.02
USD/SGD	1.3451	0.01
Commodities		
WTI (\$/bbl)	80.46	0.98
Brent (\$/bbl)	86.18	0.41
Gold (\$/oz)	1,854.60	0.00
Copper (\$\$/MT)	8,920.50	-0.70
Aluminum(\$/MT)	2,382.00	-0.96
CPO (RM/tonne)	4,343.00	1.98

Source: Bloomberg, HLBB Global Markets Research

measure of business spending plans on equipment, rebounded by 0.8% m/m (Dec: -0.2% m/m).

Eurozone's retail sales and Sentix investor confidence disappointed

- Sentix investor confidence unexpectedly worsened more than expected to -11.1 in March (Feb: -8.0), as expectations deteriorated sharply despite receding fears of a recession (-13.0 vs Feb-6.0). Separately, retail sales also rebounded less than expected by +0.3% m/m in January (Dec: +1.7% m/m). On a y/y basis, sales contracted 2.3% y/y (Dec: -2.8% y/y) as consumer demand suffered because of rampant inflation and higher interest rates.

Australia's inflation gauge remained high at +6.3%

- The Melbourne Institute's Monthly Inflation Gauge showed prices remained elevated and at second highest on record at +6.3% y/y in February (Jan: +6.4% y/y). Prices were driven mainly by price increases in private motoring and new dwellings. The latest result came ahead of the Reserve Bank's monetary policy meeting for March in which the central bank is expected to lift interest rate by 25bps to an over a decade high of 3.60%.

Japan's real wages fell most in 9 years at -4.1%

- Japanese real wages fell by the most since 2014 and more than expected by 4.1% y/y in January (Dec: -0.6% y/y) despite the government's efforts to pushed for more pay. Growth in nominal wages, meanwhile, decelerated sharply to +0.8% y/y (Dec: +4.1% y/y), still distant from the +3% level the central bank has said is necessary for sustainable price growth. Growth in December was a blip driven by large bonuses for the month.

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DX	104-105	105	104	103	102
EUR/USD	1.05-1.07	1.05	1.06	1.06	1.06
GBP/USD	1.18-1.20	1.20	1.21	1.21	1.21
USD/JPY	133-137	134	132	132	131
AUD/USD	0.66-0.68	0.69	0.69	0.70	0.71
USD/MYR	4.43-4.50	4.40	4.36	4.30	4.25
USD/SGD	1.34-1.35	1.33	1.31	1.29	1.27

Rates, %	Current	1Q-23	2Q-23	3Q-23	4Q-23
Fed	4.50-4.75	4.75-5.00	5.25-5.50	5.25-5.50	5.25-5.50
ECB	3.00	3.50	3.75	3.75	3.75
BOE	4.00	4.25	4.25	4.25	4.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	3.35	3.60	3.60	3.60	3.60
BNM	2.75	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
7-March	JN Labor Cash Earnings YoY (Jan)	4.80%
	AU Exports MoM (Jan)	-1%
	AU Imports MoM (Jan)	1%
	AU Trade Balance (Jan)	A\$12237m
	AU RBA Cash Rate Target	3.35%
	MA Foreign Reserves	\$114.40bn
	US Wholesale Inventories MoM (Jan F)	-0.40%
	CH Exports YTD YoY (Feb)	10.50%
	CH Trade Balance YTD (Feb)	5.87t yuan

8-March	CH Imports YTD YoY (Feb)	4.30%
	CH Foreign Reserves (Feb)	\$3184.46b
	US Consumer Credit (Jan)	\$11.565b
	JN BoP Current Account Balance (Jan)	¥33.4b
	JN Bank Lending Incl Trusts YoY (Feb)	3.10%
	JN Eco Watchers Survey Current SA (Feb)	48.5
	JN Leading Index CI (Jan P)	97.2
	EC GDP SA QoQ (4Q F)	0.10%
	EC Employment QoQ (4Q F)	0.40%
	US MBA Mortgage Applications	-5.70%
	US ADP Employment Change (Feb)	106k
	US Trade Balance (Jan)	-\$67.4b
	US JOLTS Job Openings (Jan)	11012k

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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