

10 April 2023

## Global Markets Research

### Daily Market Highlights

## 10 April: US NFP softened but beat expectations

Labour market remain tight with gains in NFP at +236k; unemployment rate fell to 3.5%

2Y UST yields surged 15bps to 3.98%; DXY rose 0.3% to 102.09

Japan's real wages extend fall; spending rose for the first time in 4 months

- Wall Street and European stock markets were closed for the long Easter weekend. In Asia, stocks traded higher in a muted session as most major markets were also closed. Nikkei 225 and CSI 300 closed up 0.2% d/d and 0.7% d/d, while the KLCI 30 closed the day 0.2% d/d higher.
- Treasury yields closed higher after a still decent non-farm payroll (NFP) data. The 2Y surged 15bps to 3.98%, but remained below the 4% level for the fifth session. The 10Y UST yield was 9bps higher at 3.39%.
- DXY found some footing in thin trading, jumping to as high as 102.28 but faded to 102.09 or just up +0.3% d/d ahead of the long weekend. GBP and EUR weakened 0.2% d/d each, while JPY depreciated 0.3% d/d. MYR weakened 0.1% d/d to 4.4015, but SGD closed 0.1% d/d stronger at 1.3298.
- The energy markets were also shut for trading on Friday for the long Easter weekend.

### Gains in US NFP softened less than expected to +236k, unemployment rate dipped to 3.5%

- Gains in nonfarm payroll employment softened less than expected to +236k in March (Feb: +326k), while the unemployment rate unexpectedly improved to 3.5% (Feb: 3.6%). Employment continued to trend up in leisure and hospitality, government, professional and business services, and health care. The average workweek also edged down by 0.1 hour to 34.4 hours, but this was offset by the +0.3% m/m increase in average hourly earnings. As it is, the labour market is gradually softening, especially in view of job cuts expected in tech and financial firms, but labour shortage in certain service industries continued to contribute to a tight labour market and paves for the Fed to increase fed funds rate by another 25bps in its next FOMC meeting scheduled in May.
- Consumer credit grew at a more moderate pace than expected by \$15.3bn in March (Feb: +\$19.5bn) held back by the smallest increase in credit card balances in 2 years. Revolving credit, which includes credit cards, increased by \$5.0bn, while non-revolving credit such as school tuition and vehicle purchases picked up to +\$10.3bn.

### Japan's real wages extend fall despite higher nominal wages, spending rose for the first time in 4 months

- Matching expectations, Japan's real wages fell for the 11<sup>th</sup> month by 2.6% y/y in February (Jan: -4.1% y/y) as nominal wages failed to catch up with inflation

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	33,485.29	0.01
S&P 500	4,105.02	0.36
NASDAQ	12,087.96	0.76
Stoxx Eur 600	458.94	0.51
FTSE 100	7,741.56	1.03
Nikkei 225	27,518.31	0.17
Hang Seng	20,331.20	0.28
Straits Times	3,300.48	-0.55
KLCI 30	1,427.04	0.15
<b>FX</b>		
Dollar Index	102.09	0.27
EUR/USD	1.0905	-0.16
GBP/USD	1.2418	-0.18
USD/JPY	132.16	0.29
AUD/USD	0.6672	0.00
USD/CNH	6.8770	-0.08
USD/MYR	4.4015	0.08
USD/SGD	1.3298	-0.05
<b>Commodities</b>		
WTI (\$/bbl)	80.70	0.11
Brent (\$/bbl)	85.12	0.15
Gold (\$/oz)	2,011.90	-0.45
Copper (\$\$/MT)	8,800.00	0.20
Aluminum(\$/MT)	2,333.50	0.00
CPO (RM/tonne)	4,242.00	0.08

Source: Bloomberg, HLBB Global Markets Research  
 \*Closing date as of 6<sup>th</sup> April for US and European stock markets, Hang Seng, Straits Times, commodity markets

at +1.1% y/y (Jan: +0.8% y/y). The latter is the 14<sup>th</sup> month of consecutive increase and was backed by an increase in overtime pay rather than regular pay.

- Separate data also showed that household spending increased for the first time in 4 months in February, albeit weaker than expected at +1.6% y/y (Jan: -0.3% y/y). Leading index, meanwhile, rose more than expected to 97.7 for the same month (Jan: 96.6), underpinned by a turnaround in sub-indices for stock prices and small businesses sales forecast.

#### Malaysia's foreign reserves rose to \$115.5bn as of end 1Q

- Malaysia's foreign reserves rose by \$1.5bn to \$115.5bn at end-March (15 March: -\$0.3bn to \$114.0bn). The reserves level has taken into account the quarterly foreign exchange revaluation changes and is sufficient to finance 5.1 months of imports of goods and services and is 1.1 times of the total short-term external debt.

#### House View and Forecasts

FX	This Week	2Q-23	3Q-23	4Q-23	1Q-24
DX	101-103	100.97	99.96	97.96	96.98
EUR/USD	1.08-1.10	1.10	1.11	1.12	1.13
GBP/USD	1.23-1.25	1.24	1.25	1.24	1.24
USD/JPY	130-134	131	130	128	128
AUD/USD	0.66-0.68	0.68	0.68	0.69	0.70
USD/MYR	4.37-4.42	4.39	4.35	4.31	4.28
USD/SGD	1.32-1.34	1.31	1.30	1.27	1.26

Rates, %	Current	2Q-23	3Q-23	4Q-23	1Q-24
Fed	4.75-5.00	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25
ECB	3.50	4.00	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	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

#### Up Next

Date	Events	Prior
10-April	JN Trade Balance BoP Basis (Feb)	-¥3181.8b
	JN Consumer Confidence Index (Mar)	31.1
	JN Eco Watchers Survey Outlook SA (Mar)	50.8
	US Wholesale Trade Sales MoM (Feb)	1.00%
	US Wholesale Inventories MoM (Feb F)	0.20%
10-15 Apr	CH Aggregate Financing CNY (Mar)	3160.0b
11-April	UK BRC Sales Like-For-Like YoY (Mar)	4.90%
	AU Westpac Consumer Conf Index (Apr)	78.5
	AU NAB Business Conditions (Mar)	17
	CH CPI YoY (Mar)	1.00%
	CH PPI YoY (Mar)	-1.40%
	MA Manufacturing Sales Value YoY (Feb)	6.50%
	MA Industrial Production YoY (Feb)	1.80%
	EC Sentix Investor Confidence (Apr)	-11.1
	EC Retail Sales MoM (Feb)	0.30%
	US NFIB Small Business Optimism (Mar)	90.9
11-19 Apr	CH FDI YTD YoY CNY (Mar)	6.10%

Source: Bloomberg

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