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Global Markets Research

Daily Market Highlights

11 April: BOJ Ueda said negative interest rates appropriate

BOJ's Ueda: Yield curve control, negative interest rates appropriate for current economy

Japan's current account surplus swung to positive; JPY lost 1.1% to 133.61

DXY rose to 102.58; gold retreated to below \$2k/oz; WTI dipped below \$80/barrel

- The S&P 500 pared back losses in thin afternoon trade as investors shrugged off fears of more rate hike following Friday's NFP and looked ahead to key inflation data this week. The broader S&P500 rose 0.1% d/d, while the Dow Jones Industrial Average added 0.3% d/d. The Nasdaq Composite dipped just below the flatline as tech stocks struggled on prospects of another rate hike, while an Apple Inc. report that personal computer shipments fell sharply added to the slide. Shares of chipmakers like Micron helped stem losses after Samsung said it would cut production to support prices. The European stock markets and Hang Seng remained closed for the long Easter weekend but Nikkei 225 was 0.4% d/d higher, while CSI 300 fell 0.5% d/d.
 - Treasury yields reversed course and edged up slightly later in the session. Yield on the benchmark 2Y and 10Y gained 3bps each to 4.01% and 3.42% respectively.
 - DXY rose for the third day after the still solid NFP added to expectations that the Federal Reserve will hike rates again in May. DXY closed up 0.5% d/d at 102.58, while EUR and GBP weakened 0.4% and 0.3% d/d respectively. JPY depreciated a whopping 1.1% d/d to 133.61 after new BOJ Governor Kazuo Ueda said that the central bank's yield curve control and negative interest rates are appropriate amidst the current economy, thus signalling any significant changes to its monetary policy may be unlikely for the time being. CNH, MYR and SGD weakened by approximately 0.2% d/d each to 6.8927, 4.4095 and 1.3329.
 - Gold retreated 1.1% d/d back to below the \$2k/oz level after the US NFP data lifted greenback. In a news update, it is reported that China boosted its gold reserves for a fifth straight month, in line with the world's central banks efforts to increase their holdings of the precious metal. The West Texas Intermediate also slipped 1.1% d/d to \$79.74/barrel as Dollar pressure overshadowed tighter supply.
- US inventories/sales ratio trended lower to 1.37 on durable goods**
- Led by durable goods, both the US wholesale inventories and sales rose less than expected by 0.1% m/m (Jan: -0.6% m/m) and 0.4% m/m (Jan: +0.4% m/m) respectively in February. However, with sales growth outpacing inventory build-up, the inventories/sales ratio trended lower to 1.37 (Jan: 1.38).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,586.52	0.30
S&P 500	4,109.11	0.10
NASDAQ	12,084.36	-0.03
Stoxx Eur 600	458.94	0.51
FTSE 100	7,741.56	1.03
Nikkei 225	27,633.66	0.42
Hang Seng	20,331.20	0.28
Straits Times	3,294.43	-0.18
KLCI 30	1,428.13	0.08
FX		
Dollar Index	102.58	0.48
EUR/USD	1.0859	-0.42
GBP/USD	1.2382	-0.29
USD/JPY	133.61	1.10
AUD/USD	0.6641	-0.46
USD/CNH	6.8927	0.23
USD/MYR	4.4095	0.18
USD/SGD	1.3329	0.23
Commodities		
WTI (\$/bbl)	79.74	-1.19
Brent (\$/bbl)	84.18	-1.10
Gold (\$/oz)	1,989.10	-1.13
Copper (\$\$/MT)	8,800.00	0.20
Aluminum(\$/MT)	2,333.50	0.00
CPO (RM/tonne)	4,170.00	-1.70

Source: Bloomberg, HLBB Global Markets Research
 *Closing date as of 6th April for European stock markets, Hang Seng, copper and aluminium

Japan's current account swung to surplus

- Japan's current account swung to a positive, albeit less than forecast of ¥2.2tn in February (Jan: -¥2.0tn). A weak yen and increase in global interest rates helped drive the amount of primary income gains from Japanese investments overseas to a record amount. This was further supported by narrower trade deficit in both goods and services, the latter benefitting from a recovery in inbound tourism.
- Separately, both the consumer confidence and Eco Watchers Outlook Survey rose more than expected to 33.9 (Feb: 31.3) and 54.1 (Feb: 50.8) respectively in March. The latter is the highest in 16 months boosted by improvements across all sub-indices.

House View and Forecasts

FX	This Week	2Q-23	3Q-23	4Q-23	1Q-24
DXY	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
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%
	JN PPI MoM (Mar)	-0.40%
	JN Bank Lending Incl Trusts YoY (Mar)	3.30%
	JN Core Machine Orders MoM (Feb)	9.50%
	US MBA Mortgage Applications	-4.10%
	US CPI YoY (Mar)	6.00%
	US CPI Ex Food and Energy YoY (Mar)	5.50%
	US Real Avg Weekly Earnings YoY (Mar)	-1.90%

Source: Bloomberg

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