

24 February 2023

Global Markets Research
Daily Market Highlights

24 Feb: Wall Street snapped back into green

Tech stocks led gain; UST rebounded after jobless claims data hit headline

Jobless claims falls to the lowest in 3 weeks; continuing claims plunged 37k

DXY closed flat following warnings from Dimon and Summer on the economy

- Tech led stocks back into the green in a jittery session with the Nasdaq 100 outperforming with a gain of +0.7% d/d. Huge names like Microsoft and Apple rebounded, while bullish revenue forecast from Nvidia Corp. sent the stock up 14% d/d. Dow Jones also closed higher by 0.3% d/d. S&P 500 halted a 4-day sell off, regained its 4k support and closed up 0.5% d/d.
- In Europe, Stoxx 600 index closed 0.1% higher, while FTSE 100 lost 0.3% d/d. Shares of British engine-maker Rolls-Royce rose sharply by 23.7% d/d after the company beat analyst expectations with a reported 57% y/y profit jump and said that it would resume dividend payments. In Asia, Nikkei 225 and Hang Seng were 1.3% d/d and 0.4% d/d lower following the release of the FOMC minutes earlier.
- The US 10-year Treasuries quickly reversed course and extended rally in the afternoon after the jobless claims data hit the headlines. The 10-year yields closed the day down by about 5bps to 3.87%, while the 2-year Treasury yield closed flat at 4.69%.
- Greenback slipped from its 7-week high and closed flat at 104.60 after rising briefly earlier, following warnings about the US economic outlook from JPMorgan Chase & Co.'s Jamie Dimon and former Treasury Secretary Lawrence Summer. The latter said that he sees signals of a sharp drop in economic activity, while the former said that the economy is facing some "scary stuff."
- Amongst its G10 peers, EUR and GBP depreciated by 0.1% d/d and 0.3% d/d respectively. JPY appreciated slightly by 0.1% d/d. CNH was weaker 0.2% d/d, while SGD depreciated by 0.2% d/d to 1.3427. MYR was 0.2% d/d stronger at 4.4340.
- The West Texas Intermediate broke a 6-day skid and rose 2.0% d/d despite data showing US crude supplies swelling to the highest level since May 2021. Brent also rose 2.0% d/d. On the other hand, the price of gold slid 0.8% d/d as traders reassess Fed's rate hike path post the FOMC minutes.

US' 4Q GDP revised down to +2.7%; Jobless claims fell to the lowest in 3 weeks to 192k

- US economic growth in 4Q was revised lower to +2.7% annualized rate from its initial estimate of +2.9% (3Q: +3.2%). The weaker estimate reflects a downward revision in consumer spending to +1.4% from +2.1% (3Q: +2.3%).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,153.91	0.33
S&P 500	4,012.32	0.53
NASDAQ	11,590.40	0.72
Stoxx Eur 600	462.50	0.06
FTSE 100	7,907.72	-0.29
Nikkei 225	27,104.32	-1.34
Hang Seng	20,351.35	-0.35
Straits Times	3,264.93	-1.06
KLCI 30	1,457.65	-0.43
FX		
Dollar Index	104.60	0.01
EUR/USD	1.0596	-0.08
GBP/USD	1.2013	-0.27
USD/JPY	134.70	-0.10
AUD/USD	0.6808	0.06
USD/CNH	6.9163	0.18
USD/MYR	4.4340	-0.21
USD/SGD	1.3427	0.16
Commodities		
WTI (\$/bbl)	75.39	1.95
Brent (\$/bbl)	82.21	2.00
Gold (\$/oz)	1,818.00	-0.76
Copper (\$\$/MT)	8,904.00	-2.28
Aluminum(\$/MT)	2,396.00	-0.91
CPO (RM/tonne)	4,150.00	0.21

Source: Bloomberg, HLBB Global Markets Research

The data also showed that the core-PCE price index rose an upwardly revised +4.3% (Initial: +3.9% vs. 3Q: +4.7%).

- Initial jobless claims unexpectedly fell to the lowest in 3 weeks, signalling unrelenting tightness in the labour market. For the week ended February 18, claims fell 3k to 192k (Feb 11: No change at 195k). Continuing claims, meanwhile, fell 37k, the most since December, to 1654k for the week ended February 11 (Feb 4: +11k to 1691K).
- Led by improvements in production-related indicators, the Chicago Fed National Activity Index unexpectedly improved more than expected to a positive reading of +0.23 in January (Dec: -0.46). Three of the four broad categories of indicators made positive contributions and this suggests that economic growth picked up for the month.
- The Kansas City manufacturing index unexpectedly registered flat growth in February (Jan: -1). While expectations for future activity were modest at 1 (Jan: 3), price indices, both current and expected, continued to increase slightly. Firms also expect steady growth in their average number of employees to continue in 2023.

Eurozone's core inflation at record at +5.3%

- Euro area's core inflation hit a record in January, revised data showed, likely cementing the ECB's plan to raise interest rates by another 50bps next month. Core inflation reached +5.3% y/y, slightly higher than its initial reading and December's +5.2% y/y. Headline inflation was also revised upwards by 0.1ppts to 8.6% y/y (Dec: +9.2% y/y) after Germany's inflation turned out higher than expected.

Australia's capital spending climbed 2.2%

- Growth in private new capital expenditure accelerated to +2.2% q/q in 4Q (3Q: +0.6% q/q), essentially reducing recession risk in 2023. Capex for buildings and structures rose 3.6% q/q, while capex for equipment, plants and machinery added 0.6% q/q.

Hong Kong inflation picked up to +2.4%

- Hong Kong's inflation rate accelerated more than expected to 2.4% in January (Dec: +2.0% y/y), partly due to the early arrival of the Lunar New Year, which fell in January this year rather than February last year. Inflation in food prices accelerated, while prices of energy-related items soared further. While prices for clothing and footwear continued to increase visibly, price pressures on other major components remained broadly in check.

Singapore's inflation rate accelerated slightly to +6.6%

- Singapore's headline and core inflation rate accelerated less than forecast at +6.6% y/y (Dec: +6.5% y/y) and +5.5% y/y (Dec: + 5.1% y/y) respectively in January. Higher prices for the month were driven by higher inflation for services, food and retail & other goods, along with the increase in the GST rate.

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DX	103-105	101.4	100.9	99.9	98.9
EUR/USD	1.05-1.08	1.09	1.10	1.10	1.10
GBP/USD	1.18-1.21	1.22	1.23	1.23	1.23
USD/JPY	131-135	128	127	127	126
AUD/USD	0.67-0.70	0.69	0.69	0.70	0.71

USD/MYR	4.37-4.45	4.38	4.36	4.32	4.27
USD/SGD	1.33-1.35	1.32	1.30	1.28	1.26

Rates, %	Current	1Q-23	2Q-23	3Q-23	4Q-23
Fed	4.50-4.75	4.75-5.00	4.75-5.00	4.75-5.00	4.75-5.00
ECB	3.00	3.50	3.50	3.50	3.50
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
24-Feb	US Kansas City Fed Manf. Activity (Feb)	-1
	JN Natl CPI YoY (Jan)	4.00%
	UK GfK Consumer Confidence (Feb)	-45
	MA CPI YoY (Jan)	3.80%
	SI Industrial Production YoY (Jan)	-3.10%
	US Personal Income (Jan)	0.20%
	US Personal Spending (Jan)	-0.20%
	US PCE Core Deflator YoY (Jan)	4.40%
	US New Home Sales MoM (Jan)	2.30%
	US U. of Mich. Sentiment (Feb F)	66.4
	US U. of Mich. 1 Yr Inflation (Feb F)	4.20%
	US U. of Mich. 5-10 Yr Inflation (Feb F)	2.90%
	US Kansas City Fed Services Activity (Feb)	-11
	US Dallas Fed Manf. Activity (Feb)	-8.4
27-Feb	JN Leading Index CI (Dec F)	97.2
	JN Coincident Index (Dec F)	98.9
	HK Exports YoY (Jan)	-28.90%
	EC Consumer Confidence (Feb F)	-19
	US Durable Goods Orders (Jan P)	5.60%
	US Cap Goods Orders Nondef Ex Air (Jan P)	-0.10%
	US Pending Home Sales MoM (Jan)	2.50%
	US Dallas Fed Manf. Activity (Feb)	-8.4

Source: Bloomberg

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