

31 March 2023

Global Markets Research

Daily Market Highlights

31 March: US 4Q GDP shaved to 2.6%

Wall Street rallied on tech; UST yields held steady; oil prices rose on supply disruptions
DXY dipped 0.5%; EUR strengthened 0.6% on stronger than expected German inflation
US jobless claims rose; all eyes on core-PCE prices tonight

- Wall Street rose as the technology sector extended its rally on growing optimism that the fed funds rate will be peaking soon. The Nasdaq Composite advanced 0.7% d/d, while the Dow Jones Industrial Average added 0.4% d/d. The S&P 500 gained 0.6% d/d to close at its highest level since Feb 17, led by the real estate and information technology sectors. Similarly, European stock markets also closed higher, continuing its positive momentum as concerns over the banking sector eased. Stoxx 600 closed up 1.0% d/d, while FTSE 100 gained 0.7% d/d. Asia-Pacific markets traded mixed with Nikkei 225 falling 0.4% d/d but the Hang Seng index rose 0.6% d/d.
- The US Treasury curve held steady with the yield on the 10Y yield slipping 2bps to 3.55%, but the 2s rose 2bps to 4.12%. The 2Y European bond yields rose in tune of 5-21bps, while the 10Y gained between 3-8bps.
- The Dollar Index fell 0.5% d/d to 102.14 and the EUR appreciated by 0.6% d/d, lifted by a smaller than expected moderation in German inflation numbers. GBP also strengthened 0.6% d/d. In Asia, JPY and CNH appreciated slightly by 0.1% and 0.3% d/d respectively. MYR closed flattish at 4.4210 while SGD appreciated slightly by 0.1% d/d at 1.3276.
- In the oil market, the West Texas Intermediate rose 1.9% d/d, while Brent jumped 1.3% d/d as export disruptions continued to push prices up. As it is, Iraqi oil exports from Turkey continued to be halted due to legal dispute while strikes in France over the pension reforms have forced the Government to tap its strategic fuel stockpiles. The weaker greenback, meanwhile, sent the price of gold up 0.7% d/d.

Final US 4Q GDP trimmed 0.1ppts to 2.6% on lower consumer spending and corporate profits; initial jobless claims up more than expected

- Final US 4Q GDP was trimmed by 0.1ppts to 2.6% q/q (3Q: +3.2% q/q) due to weaker consumer spending while corporate profits posted the biggest decline in two years by a sharp 2.0% q/q (3Q: No change), reflecting both rising labor costs and a slowdown in business. The increase in consumer spending was shaved by 0.4ppts to +1.0% q/q in the final reading (3Q: +2.3% q/q), but business investment turned out to be much stronger and mostly offset the drag from consumer spending. Overall business investment was raised by a whopping 0.8ppts to +4.5% q/q (3Q: -9.6% q/q). Exports also fell more sharply by 2.1ppts to -3.7% q/q (3Q: +14.6% q/q).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	32,859.03	0.43
S&P 500	4,050.83	0.57
NASDAQ	12,013.47	0.73
Stoxx Eur 600	454.84	1.03
FTSE 100	7,620.43	0.74
Nikkei 225	27,782.93	-0.36
Hang Seng	20,309.13	0.58
Straits Times	3,257.18	-0.16
KLCI 30	1,424.61	0.30
FX		
Dollar Index	102.14	-0.48
EUR/USD	1.0905	0.56
GBP/USD	1.2386	0.58
USD/JPY	132.70	-0.12
AUD/USD	0.6712	0.42
USD/CNH	6.8749	-0.28
USD/MYR	4.4210	0.02
USD/SGD	1.3276	-0.12
Commodities		
WTI (\$/bbl)	74.37	1.92
Brent (\$/bbl)	79.27	1.26
Gold (\$/oz)	1,980.30	0.68
Copper (\$\$/MT)	9,001.00	-0.02
Aluminum(\$/MT)	2,386.00	0.25
CPO (RM/tonne)	4,080.00	1.32

Source: Bloomberg, HLBB Global Markets Research

- Initial jobless claims ticked up for the first time in 3 weeks and rose more than expected by 7k to 198k for the week ended March 25 (Mar 18: -1k to 191k), suggesting an easing but still robust labour market. In tandem with this, continuing claims also rose 4k to 1689k for the week ended March 18 (Mar: +5k to 1685k).

Eurozone's economic and consumer confidence unexpectedly fell

- The Eurozone's Economic Confidence Index unexpectedly fell to 99.3 in March (Feb: 99.6). Consumer confidence, specifically, snapped its 5 months of gain and fell to -19.2 (Feb: -19.1), well below its long-term average. Consumers were less positive about the general economic situation in their country, but their intentions to make major purchases improved. Consumers' views on their household's past financial situation and the future financial situation were stable.

Australia's job vacancies fell 1.5% q/q

- Australia's job vacancies fell 1.5% q/q for the quarter ended February (Nov: -4.6% q/q). While this was the third consecutive quarter of declining job vacancies, job vacancies remained high, nearly double what they were three years ago, just before the start of the pandemic. There is still a very high demand for labour from employers across Australia and across all industries.

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DX	101-103	105	104	103	102
EUR/USD	1.07-1.09	1.05	1.06	1.06	1.06
GBP/USD	1.21-1.25	1.20	1.21	1.21	1.21
USD/JPY	129-133	134	132	132	131
AUD/USD	0.66-0.68	0.69	0.69	0.70	0.71
USD/MYR	4.38-4.44	4.40	4.36	4.30	4.25
USD/SGD	1.32-1.34	1.33	1.31	1.29	1.27

Rates, %	Current	1Q-23	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	3.85	3.85	3.85
BNM	2.75	2.75	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
31-March	JN Tokyo CPI YoY (Mar)	3.40%
	JN Jobless Rate (Feb)	2.40%
	JN Retail Sales MoM (Feb)	1.90%
	JN Industrial Production MoM (Feb P)	-5.30%
	AU Private Sector Credit MoM (Feb)	0.40%
	CH Manufacturing PMI (Mar)	52.6
	CH Non-manufacturing PMI (Mar)	56.3
	JN Housing Starts YoY (Feb)	6.60%
	UK GDP QoQ (4Q F)	0.00%
	HK Retail Sales Value YoY (Feb)	7.00%
	EC Unemployment Rate (Feb)	6.70%
	EC CPI Estimate YoY (Mar)	8.50%
	US Personal Income (Feb)	0.60%
	US Personal Spending (Feb)	1.80%

	US PCE Deflator YoY (Feb)	5.40%
	US PCE Core Deflator YoY (Feb)	4.70%
	US MNI Chicago PMI (Mar)	43.6
	US U. of Mich. Sentiment (Mar F)	63.4
3-April	AU Judo Bank Australia PMI Mfg (Mar F)	48.7
	JN Tankan Large Mfg Index (1Q)	7
	JN Jibun Bank Japan PMI Mfg (Mar F)	48.6
	MA S&P Global Malaysia PMI Mfg (Mar)	48.4
	VN S&P Global Vietnam PMI Mfg (Mar)	51.2
	AU Melbourne Institute Inflation MoM (Mar)	0.40%
	AU Home Loans Value MoM (Feb)	-5.30%
	AU Building Approvals MoM (Feb)	-27.60%
	CH Caixin China PMI Mfg (Mar)	51.6
	EC S&P Global Eurozone Manufacturing PMI (Mar F)	47.1
	UK S&P Global/CIPS UK Manufacturing PMI (Mar F)	48.0
	SI Purchasing Managers Index (Mar)	50
	US S&P Global US Manufacturing PMI (Mar F)	49.3
	US ISM Manufacturing (Mar)	47.7

Source: Bloomberg

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