

5 March 2024

## Global Markets Research

### Daily Market Highlights

## 5 March: Wall Street held back big bets ahead of key events

**UST yields closed up, DXY below the flatline ahead of NFP, Powell's testimony to Congress**  
**CNH and CSI 300 gained slightly ahead of China's National People Congress meeting**  
**Upswing in Eurozone's investor sentiment; Tokyo's CPI heat up above 2%**

- The three major US equity indices retreated between 0.1-0.4% d/d on Monday, amidst a pullback in "Magnificent Seven" stocks except for Nvidia. Alphabet, Apple and Tesla had a particularly rough day, sliding by more than 2% d/d each, while AI darling Nvidia surged another 3.6% d/d as investors become pickier about technology stocks. Tesla fell after announcing more price discounts and incentives late last week, while Apple tumbled after getting hit with a European Union antitrust fine.
- Wall Street also held off big bets ahead of this week's batch of jobs data and comments from Fed officials for more clues on the interest rate outlook. Specifically, Fed Chair Jerome Powell is scheduled to testify before Congress where he is expected to stress its "no rush to cut" message, while in Fed speak, Fed President Raphael Bostic said that he expects the first rate cut, which he has pencilled in during summer, to be followed by a pause to assess how the policy shift is affecting the economy.
- European markets also ticked slightly lower, with investors largely awaiting the European Central Bank's monetary policy decision later in the week. Technology and health care stocks outperformed, while real estate as well as travel and leisure shares lagged. In Asia, Nikkei 225 closed above the 40k mark, while CSI 300 closed 0.1% d/d higher with investors focused on the upcoming National People's Congress's meeting. Nevertheless, tracking Wall Street and the futures markets, Asian stocks are set to open lower today, with China and Hong Kong expected to be also hit by growing concerns over Beijing's ability to support an economic recovery.
- Led by the front end, Treasury yields closed higher between 2-7bps across the curve. The 2Y yield closed up 7bps at 4.60% and the 10Y gained 3bps to 4.21%. 10Y European bond yields, on the other hand, closed down 2-8bps save for the UK gilts.
- DXY traded within a narrow range of 103.73-103.96 before settling just below the flatline at 103.83. Most G10 currencies depreciated against USD, save for the DKK, EUR and GBP, the latter leading gains against greenback. Led by MYR, regional currencies mostly strengthened against USD. MYR strengthened 0.5% d/d to 4.7225 after the authorities stepped up coordination to support the Ringgit.
- Oil prices ticked lower by 0.9-1.5% d/d, with the West Texas Intermediate appearing to hit resistance at \$80/barrel. This comes after oil cartel OPEC+ agreed to extend the 2.2mb/d voluntary output reductions until the 2Q, but this had already been widely anticipated. Russia, meanwhile, emphasized that it would cut output and not just exports.

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	38,989.83	-0.25
S&P 500	5,130.95	-0.12
NASDAQ	16,207.51	-0.41
Stoxx Eur 600	497.41	-0.03
FTSE 100	7,640.33	-0.55
Nikkei 225	40,109.23	0.50
CSI 300	3,540.87	0.09
Hang Seng	16,595.97	0.04
Straits Times	3,122.21	-0.43
KLCI 30	1,539.27	0.08
<b>FX</b>		
Dollar Index	103.83	-0.03
EUR/USD	1.0856	0.18
GBP/USD	1.2692	0.29
USD/JPY	150.53	0.27
AUD/USD	0.6510	-0.26
USD/CNH	7.2101	-0.02
USD/MYR	4.7225	-0.50
USD/SGD	1.3434	-0.04
<b>Commodities</b>		
WTI (\$/bbl)	78.74	-1.54
Brent (\$/bbl)	82.80	-0.90
Gold (\$/oz)	2,126.30	1.46
Copper (\$/MT)	8,542.50	0.46
Aluminum(\$/MT)	2,234.00	-0.49
CPO (RM/tonne)	4,025.00	0.54

Source: Bloomberg, HLBB Global Markets Research  
 \* Dated as of 1 March for CPO

### Upswing in Eurozone's investor confidence

- The Sentix Investor Confidence index improved more than expected and for the fifth month to -10.5 in March (Feb: -12.9). Nonetheless, confidence at this level remained negative, largely due to economic heavy-weight Germany. The latter is hampering growth for the economic bloc and remains on recession risks.

### Australia's inflation gauge moderated; building approvals and job advertisements fell; corporate profits jumped; Services-PMI revised upwards

- A mixed string of economic indicators was released in Australia, reaffirming our view that the RBA is done with its tightening cycle this time around and will stay pat at its March 19 meeting. The Melbourne Institute inflation gauge moderated to +4.0% y/y in February (Jan: +4.6% y/y), reaffirming disinflationary trends, while the housing and labour market indicators continued to soften. Private sector houses drove building approvals down by -1.0% m/m in January (Dec: -10.1% y/y), while job advertisements, using the ANZ-Indeed job advertisement as a gauge, weakened to -2.8% m/m in February (Jan: +3.4% m/m).
- On a positive front, mining and financial services profits sent company operating profit jumping 7.4% q/q in 4Q (3Q: -1.6% q/q), while data this morning showed that the final Judo Bank Australia Services PMI was revised upwards 0.3ppts to 53.1 in February (Jan: 49.1). This is its first expansion in five months and at the fastest pace since April 2023. In particular, firms in the finance & insurance sector saw the most pronounced growth, with high levels of migration, a resilient labour market and the fading shock of rising interest rates all contributing to the stabilisation and recovery of services demand.

### Tokyo's inflation rate heated up again

- Tokyo's inflation rate surged back above the BOJ's target in February, signalling that inflation may be entrenched in the economy and spurring bets that BOJ may raise rates as early as its March meeting. Headline re-accelerated more than expected to +2.6% y/y (Jan: +1.8% y/y), while core matched expectation to pick up to +2.5% y/y (Jan: +1.8% y/y). The uptick during the month reflects not only dissipating impact from subsidies on utilities, but also demand-pull pressures as seen in the pick-up for prices of discretionary items like entertainment as well as clothing and footwear.

### House View and Forecasts

FX	This Week	1Q-24	2Q-24	3Q-24	4Q-24
DXY	102-105	101.84	101.33	100.82	100.32
EUR/USD	1.07-1.10	1.10	1.11	1.11	1.10
GBP/USD	1.25-1.28	1.28	1.29	1.29	1.27
USD/JPY	147-151	142	140	137	134
AUD/USD	0.64-0.67	0.68	0.68	0.69	0.70
USD/MYR	4.70-4.77	4.69	4.66	4.62	4.56
USD/SGD	1.33-1.36	1.33	1.32	1.31	1.30

  

Rates, %	Current	1Q-24	2Q-24	3Q-24	4Q-24
Fed	5.25-5.50	5.25-5.50	5.00-5.25	4.50-4.75	4.50-4.75
ECB	4.50	4.50	4.25	3.75	3.50
BOE	5.25	5.25	5.25	5.00	4.50
BOJ	-0.10	-0.10	-0.10	0.00	0.00
RBA	4.35	4.35	4.35	4.35	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

## Up Next

Date	Events	Prior
5-March	HK S&P Global Hong Kong PMI (Feb)	49.9
	JN Jibun Bank Japan PMI Services (Feb F)	52.5
	SI S&P Global Singapore PMI (Feb)	54.7
	CH Caixin China PMI Services (Feb)	52.7
	SI Retail Sales SA MoM (Jan)	-1.50%
	EC HCOB Eurozone Services PMI (Feb F)	50
	UK S&P Global UK Services PMI (Feb F)	54.3
	EC PPI YoY (Jan)	-10.60%
	US S&P Global US Services PMI (Feb F)	51.3
	US Factory Orders (Jan)	0.20%
	US ISM Services Index (Feb)	53.4
	AU GDP SA QoQ (4Q)	0.20%
6-March	EC Retail Sales MoM (Jan)	-1.10%
	US MBA Mortgage Applications	-5.60%
	US ADP Employment Change (Feb)	107k
	US JOLTS Job Openings (Jan)	9026k

Source: Bloomberg

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