

9 April 2024

## Global Markets Research

### Daily Market Highlights

## 9 April: Cautious trading ahead of US CPI and FOMC minutes

UST yields closed mixed; haven currencies including USD & JPY generally weakened

Oil prices retreated slightly amidst hope of easing political friction

Malaysia's IPI and wholesale & retail trade data reaffirmed the case of a brighter 2024

- Trading was quiet in the US equity markets while investors stayed cautious ahead of the upcoming US CPI print and FOMC minutes. The economic calendar was also light save for some brief comments from Fed President Austan Goolsbee who said that he sees three rate cuts this year as inflation cools. Consequently, the three major indices closed little changed between +/-0.1% d/d, although Tesla shares gained 4.9% d/d after CEO Elon Musk said the company's robotaxi will be unveiled in early August.
- Elsewhere, European stocks closed mostly higher ahead of the policy decision from the ECB later in the week, with auto and mining stocks leading gains, the latter benefitting from a rebound in iron ore prices above \$100/ton. Japanese stocks led gains in Asia after the solid US jobs data which boosted sentiment. China equities was one of the outliers, falling as sentiment was dampened by a winding up petition for Shimao group. As it is, futures for equities pointed to mild positive open for Asian stocks today.
- Treasury yields closed mixed, with the 2Y up 4bps to 4.79%, the 10Y gaining 2bps to 4.42%, but the 20- and 30Y sliding less than 1bps each to 4.66% and 4.55% respectively. 10Y European bond yields, meanwhile, closed higher in tune to 1-7bps.
- The US Dollar and other haven currencies were generally weaker amidst easing geopolitical tension. Consequently, DXY slumped 0.2% d/d to 104.14, with G10 currencies mostly appreciating against the Dollar save for the JPY (-0.2% d/d) and CHF (-0.4% d/d). AUD jumped 0.4% d/d against the greenback amidst higher metal prices. Regional currencies closed mixed and little changed against the Dollar, with MYR depreciating 0.1% d/d to 4.7525. Overnight, BNM's Financial Markets Committee (FMC) commented that coordinated efforts have strengthened the Ringgit and that there were no plans for capital controls. The bank also added that the average daily FX volume was US\$17.6bn since 26 February (2023: USD15.5bn), noting the higher conversion activities was driven by the significant flows arising from the coordinated efforts as well as opportunistic selling of USD by certain exporters.
- Oil prices fell 0.6-0.9% d/d after Israel said that it would remove some troops from Gaza, spurring hope of easing political friction. Still, reports suggest that there has been no progress in ceasefire negotiations.

#### Stable New York Fed's 1Y Inflation expectations, mixed for the medium and longer-term

- For the third consecutive month, the New York Fed 1Y inflation expectations held steady at 3.0% in March. In contrast, the 3Y ahead inflation expectations increased to 2.9% (Feb: 2.7%) whereas the 5Y ahead decreased

#### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	38,892.80	-0.03
S&P 500	5,202.39	-0.04
NASDAQ	16,253.96	0.03
Stoxx Eur 600	508.93	0.47
FTSE 100	7,943.47	0.41
Nikkei 225	39,347.04	0.91
CSI 300	3,536.41	-0.88
Hang Seng	16,732.85	0.05
Straits Times	3,215.99	-0.07
KLCI 30	1,559.98	0.30
<b>FX</b>		
Dollar Index	104.14	-0.15
EUR/USD	1.0859	0.20
GBP/USD	1.2655	0.13
USD/JPY	151.82	0.13
AUD/USD	0.6604	0.38
USD/CNH	7.2422	-0.08
USD/MYR	4.7525	0.11
USD/SGD	1.3475	-0.09
<b>Commodities</b>		
WTI (\$/bbl)	86.43	-0.55
Brent (\$/bbl)	90.38	-0.87
Gold (\$/oz)	2,331.70	0.26
Copper (\$\$/MT)	9,411.50	0.88
Aluminum(\$/MT)	2,460.50	0.41
CPO (RM/tonne)	4,511.50	-0.51

Source: Bloomberg, HLBB Global Markets Research  
\* Dated as of 5 April for CPO

to 2.6% (Feb: 2.9%). Accompanying data also showed labor market expectations were also mixed. While expectations about earnings growth and the probability that the unemployment rate will be higher one year from now remained essentially unchanged, respondents' perceived probability of finding a job decreased to its lowest reading in almost 3 years.

#### **Strongest investor confidence since February 2022 in the Euro area**

- The Sentix Investor Confidence rose for the sixth successive month, by more than expected and to its highest since February 2022 to -5.9 in March (Feb: -10.5). Expectations turned positive for the first time since the start of the Ukraine conflict, while sentiment in Germany improved significantly albeit still at the bottom of the league table. All in, although the economy is moving in the right direction, it still lacks momentum at this juncture due in no small part to the relative weakness of the German economy.

#### **Australia's home loans rebounded m/m, double digit growth m/m suggests still robust housing market**

- Home loans rebounded in March, albeit at a softer than expected pace by +1.5% m/m in February (Jan: -0.8% m/m) driven by higher new loans for both owner-occupier and investor loans. Of note, both new investor loans and owner-occupier first home buyer loans were up more than 20% y/y each, suggesting a still robust housing market and expectations that the RBA will likely stay pat for now.

#### **Japan's Eco Watchers Outlook unexpectedly fell**

- Eco Watchers Outlook unexpectedly fell for the first time in 5 months to 51.2 in March (Feb: 53.0). Both the household and business indices, and its sub-components recorded declines during the month, save the household (retail) index which held steady and increased 0.3ppts. As it is, both the current and expectations suggest that a moderate pace is expected to continue amidst concerns over the impact of price hikes.

#### **Another set of encouraging February indicators for Malaysia**

- Malaysia saw the release of four economic indicators today. Industrial Production Index (IPI) moderated less than expected to 3.1% y/y in February (Jan: +4.3% y/y), as faster growth in mining and electricity offset slower gains in manufacturing during the shorter February month and Lunar New Year. Manufacturing sales also registered softer growth of 0.7% y/y in February (Jan: +3.2% y/y). Wholesale & retail trade saw slightly more upbeat growth of 5.5% y/y in February, spurred by a jump in retail sales growth while unemployment rate held steady at 3.3% reaffirming a healthy labour market that would help underpin private consumption ahead.
- The relatively positive set of economic indicators today reaffirmed our beliefs that the Malaysian economy is off to a brighter 2024. IPI grew an average 3.7% y/y in the first two months of the year (4Q: +0.8%). Wholesale & retail sales sustained a 5.5% y/y increase, still decent despite moderating from +5.8% y/y in 4Q23 as a healthy and steady labour market is expected to help spur consumption going forward. We therefore believe that our full year GDP growth forecast of 4.7% remains achievable, barring unforeseen external shocks. Recent indicators point to a still strong US economy while PMIs also showed the China economy is picking up. This should help spur demand for Malaysia's exports and production.

### House View and Forecasts

FX	This Week	1Q-24	2Q-24	3Q-24	4Q-24
DXY	102-106	101.84	101.33	100.82	100.32
EUR/USD	1.07-1.10	1.10	1.11	1.11	1.10
GBP/USD	1.25-1.29	1.28	1.29	1.29	1.27
USD/JPY	148-153	142	140	137	134
AUD/USD	0.64-0.68	0.68	0.68	0.69	0.70
USD/MYR	4.70-4.76	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 - 0.10	0 - 0.10	0 - 0.10	0 - 0.10
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
9-April	AU Westpac Consumer Conf Index (Apr)	84.4
	AU NAB Business Conditions (Mar)	10
	JN Consumer Confidence Index (Mar)	39.1
	US NFIB Small Business Optimism (Mar)	89.4
9-15 April	CH New Yuan Loans CNY YTD (Mar)	6370.0b
10-April	JN PPI YoY (Mar)	0.60%
	JN Bank Lending Ex-Trusts YoY (Mar)	3.40%
	US MBA Mortgage Applications	-0.60
	US CPI Ex Food and Energy YoY (Mar)	3.80%
	US Real Avg Weekly Earnings YoY (Mar)	0.50%

Source: Bloomberg

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