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Global Markets Research

Daily Market Highlights

16 April: US retail sales & geopolitical worries moved markets

Strong US retail sales sent DXY up; most G10 and regional currencies weakened

Global equity markets weighed down by rising yields & geopolitical worries

PBoC left 1Y MLF rate unchanged at 2.50%; all eyes on China 1Q GDP today

- The three major US indices extended its losses on Monday as rising yields and worries over the conflict in the Middle East overshadowed strong Goldman Sachs earnings and hot retail sales data. Led by Nasdaq, the three major US stock indices closed down 0.7-1.8% d/d, with interest-rate sensitive sectors like technology and real estate faring particularly badly. Tesla shares fell 5.6% d/d after news that the EV maker was planning to pay off more than 10% of its global workforce while shares of Goldman Sachs climbed 2.9% d/d after reporting sharply higher 1Q earnings.
- European markets closed mixed amidst heightened geopolitical tension following Iran's large-scale drone and missile attack on Israel over the weekend. Consumer stocks led gains, while energy stocks were laggards. Meanwhile, Asian markets closed mostly in the red as traders weighed the impact of the attack, with focus also on key economic data from China and Japan, and is expected to extend its slump today following the futures and retreat in US stock markets.
- Treasury yields popped between 2-9bps across the curve after data showed that US retail sales rose more than expected in March, the latest indication that the economy remains strong despite the elevated inflation and interest rates. 10Y European bond yields also jumped between 8-12bps.
- The Dollar rose 0.2% d/d to 106.21, a 5-month high, supported by higher Treasury yields and amidst haven demand buying. Most of the G10 and regional currencies depreciated against the Dollar, save for the CHF, SEK, CNH and HKD. JPY led losses against the greenback at 0.7% d/d, spurring intervention risks.
- Oil prices rebounded from their session lows and closed slightly lower by 0.3-0.4% d/d, a sign that the escalating tension in the Middle East has been factored in the rally earlier. Going forward, the outlook for oil prices will largely hinge on Israel's response to the attack.

PBoC maintained 1Y MLF rate unchanged at 2.50%

- As widely expected, the People's Bank of China (PBoC) maintained the 1Y medium-term lending facility rate (MLF) unchanged at 2.50%. As it is, cool inflation, slower credit expansion and shrinking exports in March all pointed to the need for more stimulus to revive momentum in the economy, but a weak yuan appears to be constraining the authorities' monetary-easing efforts.

Strong retail sales data in the US boosts 1Q GDP estimates

- Retail sales rose more than forecast in March and the prior month was revised higher (+0.7% m/m vs +0.9% m/m), suggesting a resilient consumer demand that should keep fuelling a strong economy as long as the labour market

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	37,735.11	-0.65
S&P 500	5,061.82	-1.20
NASDAQ	15,885.02	-1.79
Stoxx Eur 600	505.93	0.13
FTSE 100	7,965.53	-0.38
Nikkei 225	39,232.80	-0.74
CSI 300	3,549.08	2.11
Hang Seng	16,600.46	-0.72
Straits Times	3,183.61	-1.04
KLCI 30	1,542.53	-0.55
FX		
Dollar Index	106.21	0.16
EUR/USD	1.0624	-0.18
GBP/USD	1.2446	-0.05
USD/JPY	154.28	0.69
AUD/USD	0.6442	-0.39
USD/CNH	7.2590	-0.11
USD/MYR	4.7800	0.20
USD/SGD	1.3630	0.12
Commodities		
WTI (\$/bbl)	85.41	-0.29
Brent (\$/bbl)	90.10	-0.39
Gold (\$/oz)	2,365.80	0.41
Copper (\$\$/MT)	9,576.00	1.25
Aluminum(\$/MT)	2,555.00	2.45
CPO (RM/tonne)	4,443.00	-1.27

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 12 April for CPO

remains favourable So-called control-group sales, which are used to calculate GDP, jumped 1.1% m/m (Feb: +0.3% m/m), the most since the start of last year, while spending on food services, a proxy for services demand, rose 0.4% m/m (Feb: +0.5% m/m). Eight out of thirteen categories posted increases, led by e-commerce and gasoline, the latter due to higher prices, while auto sales declined, suggesting some restraint towards big-ticket items.

- Builder sentiment was stable in April, with the NAHB Housing Market Index matching expectations and holding steady at 51. With the index above the breakeven point of 50, this suggests potential demand for growth. The survey revealed that 22% of builders cut home prices this month (Mar: 24%), while the component measuring sales expectations in the next 6-months fell 2 points to 60.
- The Empire Manufacturing index improved less than expected to -14.3 in April (Mar: -20.9). Although an improvement, the index below zero suggests that business activity continued to decline in the New York region, as optimism remained subdued, labor market conditions remained weak, new orders and shipments both declined significantly. Price prints were mixed, with the pace of input price increases picking up but selling price held steady.

Eurozone's IPI rebounded, with growths recorded in Germany and France

- Matching expectations, IPI rose by +0.8% m/m in February (Jan: -3.0% m/m), mainly led by a rebound in capital and durable consumer goods, and amongst its biggest economy, Germany recorded its second monthly growth (+1.1% vs +1.0%) while France registered a mild rebound of +0.2% m/m (Jan: -0.8% m/m). Despite the uptick, the still contractionary PMI suggests that the overall economic bloc remains sluggish and that the ECB should out-dove Fed and the BOE in its monetary policy decision.

House View and Forecasts

FX	This Week	2Q-24	3Q-24	4Q-24	1Q-25
DXY	103-107	103.44	102.41	101.38	100.37
EUR/USD	1.06-1.09	1.09	1.10	1.08	1.07
GBP/USD	1.24-1.28	1.27	1.28	1.27	1.25
USD/JPY	150-155	148	145	142	140
AUD/USD	0.64-0.67	0.66	0.67	0.67	0.68
USD/MYR	4.73-4.79	4.68	4.63	4.56	4.49
USD/SGD	1.34-1.37	1.34	1.32	1.31	1.30

Rates, %	Current	2Q-24	3Q-24	4Q-24	1Q-25
Fed	5.25-5.50	5.25-5.50	4.75-5.00	4.50-4.75	4.50-4.75
ECB	4.50	4.25	3.75	3.50	3.50
BOE	5.25	5.25	4.75	4.50	4.50
BOJ	0-0.10	0 - 0.10	0 - 0.10	0 - 0.10	0 - 0.10
RBA	4.35	4.35	4.35	4.10	4.10
BNM	3.00	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
16-Apr	CH New Home Prices MoM (Mar)	-0.36%
	CH GDP YoY (1Q)	5.20%
	CH Fixed Assets Ex Rural YTD YoY (Mar)	4.20%
	CH Industrial Production YTD YoY (Mar)	7.00%
	CH Retail Sales YTD YoY (Mar)	5.50%
	CH Surveyed Jobless Rate (Mar)	5.30%
	UK Average Weekly Earnings 3M/YoY (Feb)	5.60%
	UK ILO Unemployment Rate 3Mths (Feb)	3.90%

	UK Employment Change 3M/3M (Feb)	-21k
	EC ZEW Survey Expectations (Apr)	33.5
	EC Trade Balance SA (Feb)	28.1b
	US Building Permits MoM (Mar)	1.90%
	US Housing Starts MoM (Mar)	10.70%
	US New York Fed Services Business Activity (Apr)	0.6
	US Industrial Production MoM (Mar)	0.10%
17-April	JN Exports YoY (Mar)	7.80%
	SI Non-oil Domestic Exports SA MoM (Mar)	-4.80%
	AU Westpac Leading Index MoM (Mar)	0.08%
	UK CPI Core YoY (Mar)	4.50%
	UK PPI Input NSA YoY (Mar)	-2.70%
	UK House Price Index YoY (Feb)	-0.60%
	EC CPI Core YoY (Mar F)	2.90%
	US MBA Mortgage Applications	0.10%

Source: Bloomberg

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