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Global Markets Research
Daily Market Highlights

25 April: All eyes on US 1Q GDP today

DXY gained on higher UST yields; equities closed flat on mixed corporate earnings

JPY weakened passed 155s to a 34-year low; heightening intervention risks

Massive upside surprises in Australia CPI prints reaffirmed higher for longer RBA stance

- It was a whipsaw session, with Tesla's big rally helped send the tech-heavy Nasdaq into the green for the third consecutive day, although Meta Platform's disappointing outlook saw some tech giants paring their gains in late hours. Nasdaq closed slightly higher by 0.1% d/d as Tesla shares rallied 12.1% d/d, as investors largely cheered Elon Musk's strategy to make less expensive electric cars and shrugged off its disappointing earnings. S&P 500 also closed just above the flatline, amidst a positive stretch of earnings from Texas Instruments to Visa, although the Dow slid 0.1% d/d. Today, the direction of Wall Street will largely hinge on the US 1Q GDP report.
- European markets closed lower on worries over earnings and geopolitical tension, the former amidst pullbacks in Kering SA and Roche Holding AG, and the latter after Israeli stepped up cross-border strikes on Hezbollah. UBS shares also fell after its AGM, and on worries over Swiss government's proposals around capital requirements. Nikkei 225, meanwhile, led gains in Asia as markets in the region rose across the board, but are poised to open lower today following futures.
- Treasuries yields reversed course on Wednesday and rose 2-4bps across the curve, led by the long end. The 2Y gained 2bps to close at 4.93%, while the 10Y rose 4bps to 4.64%. 10Y European bond yields also increased between 1-14bps, with gilts sliding following Huw Pill's hawkish remarks and bunds falling as traders held back on successive rate cut bets following policy maker Joachim Nagel's warning.
- DXY rose 0.2% d/d to 105.86 in tandem with the higher Treasuries yields, with G10 and regional currencies closing mixed against the greenback. JPY weakened 0.3% d/d past the 155-level, a 34-year low and adding to intervention risks. EUR was little changed at 1.0699, with the earlier drop slowed by higher European yields after German Ifo showed that business sentiment improved to its highest in a year. AUD, on the other hand, led G10 gains at +0.2% d/d after a higher than estimated inflation, dampening rate cuts bets by the RBA.
- Oil swung, but ultimately closed 0.4-0.7% d/d lower as a broad-risk-off environment overshadowed a drop in US crude stockpile. The US, meanwhile, approved tougher measures against Iran in response to its earlier attacks on Israel.

Modest capex spending in the US; mortgage rates rose to its highest since November, weighing on applications

- Orders for capital goods rose modestly in March as firms remained cautious over demand prospects, tempering investment. Core capital goods, which excludes nondefense & aircraft and a proxy for investment, matched

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	38,460.92	-0.11
S&P 500	5,071.63	0.02
NASDAQ	15,712.75	0.10
Stoxx Eur 600	505.61	-0.43
FTSE 100	8,040.38	-0.06
Nikkei 225	38,460.08	2.42
CSI 300	3,521.62	0.44
Hang Seng	17,201.27	2.21
Straits Times	3,293.13	0.62
KLCI 30	1,571.48	0.63
FX		
Dollar Index	105.86	0.17
EUR/USD	1.0699	-0.02
GBP/USD	1.2464	0.12
USD/JPY	155.35	0.34
AUD/USD	0.6498	0.17
USD/CNH	7.2731	0.17
USD/MYR	4.7773	-0.06
USD/SGD	1.3620	0.04
Commodities		
WTI (\$/bbl)	82.81	-0.66
Brent (\$/bbl)	88.02	-0.45
Gold (\$/oz)	2,324.50	-0.14
Copper (\$\$/MT)	9,773.50	0.69
Aluminum(\$/MT)	2,603.00	0.93
CPO (RM/tonne)	4,125.00	1.73

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 23 April for CPO

expectations to grow by +0.2% m/m (Feb: Downwardly revised +0.4% m/m). Bookings for all durable goods, nonetheless, came above expectations at +2.6% y/y (Feb: +0.7% y/y), on firmer demand for aircraft, motor vehicles as well as computer and electronic products. Moving forward, with manufacturing surveys sending mixed results recently, the latest being ISM-Manufacturing turning expansionary for the first time since September 2022 but the S&P Manufacturing PMI contracting for the first time in 4 months, this suggests that capex weakness may persist.

- In the housing market, mortgage rates moved higher for the third straight week and to its highest level since November (30Y fixed rate at 7.24%), a dampener to applications. Mortgage applications decreased 2.7% w/w for the week ended April 19 (Apr 12: +3.3% w/w), as home buyers delayed their purchase decisions (-1.0% w/w vs +5.0% w/w) due to strained affordability and low supply, while the refinance applications also fell 5.6% w/w (Apr 12: +0.5% w/w).

Improved sentiment amongst UK manufacturers

- Conditions facing manufacturers broadly took a turn for the better, although recovery has yet to pick up steam. The CBI Business Optimism index improved to +9 in April (Mar: -3) and while total orders unexpectedly worsened (-23 vs -18), manufacturers expect orders to return to growth over the next three months. Both domestic and export price growth is also expected to pick up. All in, these brighter conditions will be supportive of a more stable outlook for investment over the year ahead.

Higher than expected CPI prints for Australia

- Australia's inflation rate came in higher than expected, suggesting sticky price pressures and bolstering a higher-for-longer rate stance. CPI for March unexpectedly picked up to +3.5% y/y (Feb: +3.4% y/y), driven by higher costs of housing, food & non-alcoholic beverages, alcohol & tobacco as well as insurance & financial services and consequently, 1Q CPI came hotter than expected at +3.6% y/y and +1.0% q/q (4Q: +4.1% y/y and +0.8% q/q). High base effects and sticky services inflation, from education to healthcare and rent, suggest that further moderation in prices will be challenging going forward.

House View and Forecasts

FX	This Week	2Q-24	3Q-24	4Q-24	1Q-25
DXY	104-108	103.44	102.41	101.38	100.37
EUR/USD	1.05-1.08	1.09	1.10	1.08	1.07
GBP/USD	1.23-1.26	1.27	1.28	1.27	1.25
USD/JPY	152-156	148	145	142	140
AUD/USD	0.63-0.66	0.66	0.67	0.67	0.68
USD/MYR	4.75-4.80	4.68	4.63	4.56	4.49
USD/SGD	1.35-1.38	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	
25-April	MA CPI YoY (Mar)	1.80%	
	JN Leading Index CI (Feb F)	111.8	
	EC ECB Publishes Economic Bulletin		
	HK Exports YoY (Mar)	-0.80%	
	UK CBI Retailing Reported Sales (Apr)	2	
	US GDP Annualized QoQ (1Q A)	3.40%	
	US Advance Goods Trade Balance (Mar)	-\$91.8b	
	US Initial Jobless Claims	212k	
	US Pending Home Sales MoM (Mar)	1.60%	
	US Kansas City Fed Manf. Activity (Apr)	-7	
	26-Apr	UK GfK Consumer Confidence (Apr)	-21
		JN Tokyo CPI YoY (Apr)	2.60%
		AU PPI YoY (1Q)	4.10%
		SI Industrial Production SA MoM (Mar)	14.20%
EC ECB 1 Year CPI Expectations (Mar)		3.10%	
US Personal Income (Mar)		0.30%	
US Personal Spending (Mar)		0.80%	
US PCE Core Deflator YoY (Mar)		2.80%	
US U. of Mich. Sentiment (Apr F)		77.9	
US Kansas City Fed Services Activity (Apr)		7	
JN BOJ Target Rate (Upper Bound)	0.10%		

Source: Bloomberg

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