

30 April 2024

Global Markets Research

Daily Market Highlights

30 April: JPY briefly broke above 160 before making a U-turn

JPY led G10 gains against the USD; DXY slid to its lowest in two weeks at 105.58

US stocks rose led by Tesla and Apple; treasuries yields fell 2-5bps

Japan's data showed improving manufacturing sector and labour market tightness

- A rally in Tesla shares lifted Wall Street on Monday, sending the three major indices in the green between 0.3-0.4% d/d. Tesla jumped 15.3% d/d after clearing a key hurdle for full self-driving technology in China. Apple shares also climbed 2.5% d/d on a bullish upgrade from investment firm Bernstein, but these gains were negated by mega cap peers Microsoft, Alphabet and Meta. Outside of tech, shares of Fulton Financial increased 7.6% d/d following the acquisition of regional bank Republic First in a government-backed deal.
- In Europe, Stoxx 600 closed up 0.1%, with all sectors broadly positive led by basic resources and real estate. Amongst the notable movers were Philips shares which soared 29.3% d/d after the medical device giant agreed on a lower-than-expected US settlement linked to the recall of some of its devices used to treat sleep apnoea. Deutsche Bank AG slid 8.5% d/d after the lender said it was setting aside €3.3bn in legal provisions. Asia stocks also closed in the green and are set for higher opening today, tracking overnight gains in the US.
- Treasury yields fell 2-5bps across the curve ahead of the FOMC meeting this week. The 2Y declined 2bps to 4.98% and the 10Y slid 5bps to 4.61%. 10Y European bond yields also declined by 2-7bps.
- In the forex market, JPY held broad gains against its G10 peers amidst intervention talks and led gains against USD at +1.3% d/d. JPY weakened to as low as 160.17 against greenback during the day, before paring its losses and surged to close at 156.35. While JPY gains helped drive the Dollar to its 2-week low, other G10 currencies also appreciated against the Dollar, sending the DXY down 0.3% d/d to 105.58. Similarly on the regional front, most Asian currencies strengthened against the Dollar save for the KRW, INR, THB and IDR.
- Oil prices fell 1.2-1.5% d/d as Secretary of State Anthony Blinken visits the Middle East to broker a truce in Gaza, reducing crude's geopolitical risk premium.

Perceptions of broader business conditions inched down in the Dallas region

- The Dallas Fed Manufacturing Activity Index unexpectedly worsened marginally to -14.5 in April (Mar: -14.4), although most sub-indicators and expectations regarding future activity improved. The new orders index remained negative, employment index edged down to a near-zero reading, suggesting no change in head counts, wage pressures picked up while price pressures for raw materials retreated.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	38,386.09	0.38
S&P 500	5,116.17	0.32
NASDAQ	15,983.08	0.35
Stoxx Eur 600	508.34	0.07
FTSE 100	8,147.03	0.09
Nikkei 225	37,934.76	0.81
CSI 300	3,623.91	1.11
Hang Seng	17,746.91	0.54
Straits Times	3,282.05	0.06
KLCI 30	1,582.66	0.48
FX		
Dollar Index	105.58	-0.34
EUR/USD	1.0721	0.26
GBP/USD	1.2563	0.56
USD/JPY	156.35	-1.25
AUD/USD	0.6567	0.52
USD/CNH	7.2439	-0.34
USD/MYR	4.7675	-0.01
USD/SGD	1.3597	-0.23
Commodities		
WTI (\$/bbl)	82.63	-1.45
Brent (\$/bbl)	88.40	-1.23
Gold (\$/oz)	2,357.70	0.98
Copper (\$\$/MT)	10,135.50	1.71
Aluminum(\$/MT)	2,590.00	0.80
CPO (RM/tonne)	3,955.50	-0.03

Source: Bloomberg, HLBB Global Markets Research
* Dated as of 26 April for CPO

Economic sentiment marginally fell in the Euro area; employment expectations declined

- The Economic Sentiment Indicator (ESI) unexpectedly declined by -0.6ppts to 95.6 in April while the Employment Expectations Indicator (EEI) declined more markedly by 0.7ppts to 101.8, the latter still above its long-term average. The fall in the ESI reflected slightly lower confidence in industry and services, while retail trade, construction and consumer confidence remained broadly stable. Amongst its biggest economies, sentiment deteriorated significantly in France, moderately in Italy but improved markedly in Germany and Spain.

Stable and bright business optimism in the UK

- Lloyds Business Barometer held steady for the third month at 42 in April, as improved sentiment over the current economic condition and prices charged over the next 12 months offsetting the decline in business activity in the next 12 months. Anyhow, the index at this level suggests positive sentiment at the start of the quarter with prospects of improving further as the economy recovers further in 2024.

Japan's data showed improving manufacturing sector, labour market tightness

- Data from Japan this morning was mixed, but all reaffirmed BOJ's view that the economy is recovering moderately. IPI came better than expected, rebounding to +3.8% m/m in March (Feb: -0.6% m/m) but retail sales and unemployment rate undershot expectations at -1.2% m/m and 2.6% respectively (Feb: +1.7% m/m and 2.6%)
- The rebound in output reversed 2 months of declines and suggests an improvement in the manufacturing sector, while March data also showed further signs of labour market tightness as seen by the job-to-applicant ratio improving to 1.28 in March (Feb: 1.26). The latter, coupled with strong wage growth for fiscal 2024 are expected to boost consumer spending, and the overall economy going forward.

Vietnam's inflation rate broke above the 4% target

- Increased gasoline prices in line with higher fuel prices globally drove CPI up above the Government's preferred level at +4.40% y/y in April (Mar: +4.0% y/y). Although matching expectations, this is a 15-month high and coupled with the recent weakness in dong, will add pressure for the central bank to maintain its interest rates restrictive at this juncture, despite repeated calls by the prime minister for the SVB and banks to lower borrowing costs to support the economy.
- As it is, the trade reliant economy has been hit by weak external demand recently, sending exports decelerating to +10.6% y/y (Mar: +14.2% y/y), weighed down by lower exports of transportation, textiles and footwear. IPI nonetheless, continued its positive growth trend at +6.3% y/y (Mar: +4.1% y/y) driven by an acceleration in manufacturing output and electricity, while retail sales remained robust at +9.0% y/y (Mar: +9.2% y/y), boosted by double-digit growths in tourism-related and hotels & restaurants.

House View and Forecasts

FX	This Week	2Q-24	3Q-24	4Q-24	1Q-25
DXY	104-107	103.44	102.41	101.38	100.37
EUR/USD	1.06-1.09	1.09	1.10	1.08	1.07
GBP/USD	1.24-1.27	1.27	1.28	1.27	1.25

USD/JPY	152-160	148	145	142	140
AUD/USD	0.64-0.67	0.66	0.67	0.67	0.68
USD/MYR	4.74-4.80	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
30-Aprl	AU Private Sector Credit MoM (Mar)	0.50%
	CH Manufacturing PMI (Apr)	50.8
	CH Non-manufacturing PMI (Apr)	53
	AU Retail Sales MoM (Mar)	0.30%
	CH Caixin China PMI Mfg (Apr)	51.1
	UK Mortgage Approvals (Mar)	60.4k
	EC CPI Core YoY (Apr P)	2.90%
	EC GDP SA QoQ (1Q A)	0.00%
	US Employment Cost Index (1Q)	0.90%
	US FHFA House Price Index MoM (Feb)	-0.10%
	US S&P CoreLogic CS US HPI YoY NSA (Feb)	6.03%
	US Conf. Board Consumer Confidence (Apr)	104.7
	1-May	AU Judo Bank Australia PMI Mfg (Apr F)
JN Jibun Bank Japan PMI Mfg (Apr F)		49.9
UK S&P Global UK Manufacturing PMI (Apr F)		48.7
US MBA Mortgage Applications		-2.70%
US ADP Employment Change (Apr)		184k
US S&P Global US Manufacturing PMI (Apr F)		49.9
US Construction Spending MoM (Mar)		-0.30%
US JOLTS Job Openings (Mar)	8756k	
US ISM Manufacturing (Apr)	50.3	

Source: Bloomberg

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