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## Weekly Market Report For : 1 – 5 April 2024



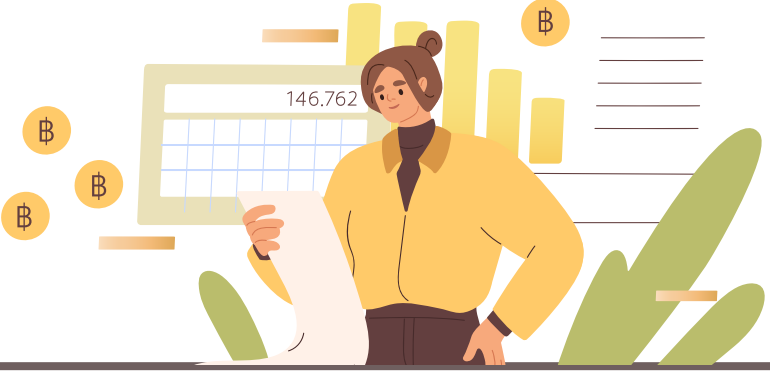
# Overview

Global stocks mostly ended lower and US Treasury yields climbed as timing of Fed rate cut remained unclear.



## Equity market

- Global shares declined as interest rate uncertainty and geopolitical tensions weighed on sentiment. Federal Reserve chief Jerome Powell reaffirmed the central bank is on track to cut interest rate cuts this year, but timing was unclear. Inflation fears are also being fanned by strength in commodity prices amid escalating tensions in the Middle East. European stocks slumped the most in almost two months, tracking declines in the US and Asia. Japan's Nikkei marked its worst week since December 2022 as the yen extended a rally to hit a 2-week high after BOJ Governor stoked bets about an additional interest rate hike later in the year. China shares gained on hope of economic recovery as its PMIs indicated an expansion in factory activity.
- SET Index was flat from the previous week with thin volume ahead long holidays. Energy and Transportation sectors closed higher, while Banking underperformed the index. Foreign investors and local investors were net buyers while institutional investors were net sellers. Oil traded at five-month highs. Some of these gains were due to supply disruptions and geopolitical tensions, but they also reflect optimism about global growth given a recovery in recent factory surveys (PMI), particularly for China.



## Fixed income market

- Robust US economic data boosted Treasury yields this week to multi-month highs as expectations of rate cuts as soon as June declined along with the view for the size of rate cuts this year. US employers hired far more workers than expected in March and raised wages at a steady clip gives the Fed more reason to stay patient and slightly changes the odds of rate cuts this year from three to two.

## Regional Economic Information

### U.S.



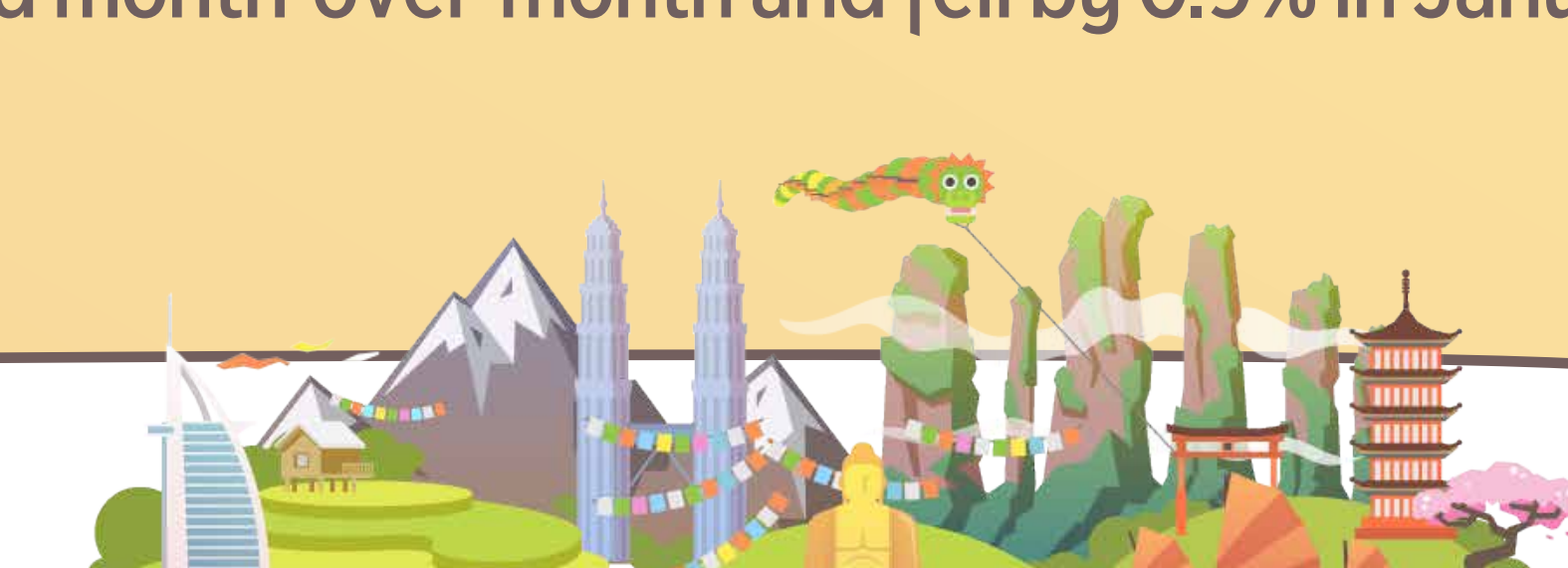
- Federal Reserve (Fed) Chair Jerome Powell reaffirmed that US rates were still on course to be cut this year, though the timing was data dependent.
- Nonfarm payrolls increased by 303,000 in March, well above market projections of 200,000. The unemployment rate fell to 3.8% from 3.9% in the prior month. The number of job openings increased to 8.756 million in February from 8.748 million in January.
- Manufacturing ISM jumped to 50.3 in March from 47.8 in February, beating market estimates of 48.4 and marking the first expansion in the manufacturing sector after 16 months of contraction. Service ISM fell to 51.4 from 52.6, missing market forecast of an increase to 52.7.
- Factory orders went up 1.4% m/m in February, rebounding from a 3.8% fall in January.



### Europe

- Euro zone composite purchasing managers' index (PMI) rose to 50.3 in March from 49.2 in February and pointing to growth for the euro zone private sector for the first time since May last year, as service PMI accelerated to 51.5 from 50.2 while manufacturing PMI slid to 46.1 from 46.5.
- Euro zone headline inflation increased by 2.4% y/y in March, easing from 2.6% in February and lower than market projections of 2.6%, a preliminary estimate showed. Moreover, core inflation slowed to 2.9% y/y from 3.1% in the previous month and falling short of market expectations of 3.0%. Producer price index (PPI) fell by 8.3% y/y in February, following a 8.0% drop in January.
- Euro zone unemployment rate was unchanged at 6.5% in February.
- Euro zone retail sales dropped by 0.5% m/m and contracted by 0.7% y/y in February, after an unchanged month-over-month and fell by 0.9% in January.

### Asia



- Official manufacturing PMI jumped to 50.8 in March from 49.1 in February, marking the first expansion in factory activity of large companies in public sector in 6 months. Caixin manufacturing PMI rose to 51.1 from 50.9, pointing to the fifth straight month of growth, boosted by new orders from domestic and abroad. Official non-manufacturing PMI surged to 53.0 from 51.4, registering the 15<sup>th</sup> consecutive month of expansion and Caixin service PMI rose to 52.7 from 52.5.
- Japan manufacturing PMI advanced to 48.2 in March from 47.2 in February and service PMI surged to 54.1 from 52.9. Household spending declined by 0.5% y/y in February, less than market estimates of a 3.0% drop, after a 6.3% plunge in January.



### Thai

- Headline inflation fell by 0.47% y/y in March, following a 0.77% drop in February and compared with market forecasts of a 0.4% decline. This marked the 6<sup>th</sup> straight month of falling prices due to lower costs of meats and fresh vegetables and government measures to reduce cost of living. Core inflation grew by 0.37% y/y after a 0.43% gain previously and compared with market projections of a 0.40% rise.

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