

Markets Snap**SH**ot

6th March 2023

Market Overview

Inflation is back in focus with expectations that the US Fed would pivot quickly disappearing. Rising costs remain an issue with the prices paid section of The ISM survey of manufacturing rising above 50 – indicating higher input costs. Growth in unit labor costs was also revised sharply higher for Q4. The economy continues to remain resilient and labor market tight, and the rhetoric from Fed officials indicate that higher rates could persist for longer.

On the other side of the Atlantic, high labor costs remain a challenge with the ECB expected to raise rates by 50 bps this month. Core inflation rates rose from 5.3% to 5.6% in February, with ECB officials citing wage growth as a cause of concern in order to meet the 2% inflation target. An additional hike of 50 bps is expected in May and another 25 bps in June meeting.

PMI data for China with actual data well over forecasts. However, it remains prudent to be cautious past investing in the short term as uncertainty still exists around property prices, where household wealth is tied up. Defense spending in China was boosted by 7.2% this year, signaling the shift in geopolitics and a transition to a multipolar political situation stroking tension in the US. Geopolitics will remain an important investment theme for the year,

US Fed Chairman Jerome Powell's testimony to the Senate and release of February non-farm payrolls will be important calendar events for the week.

Equities				
	Last Price	5-D (%)	1M (%)	YTD (%)
Americas				
S&P 500 Index	4,044	1.90%	-2.20%	5.37%
NASDAQ Composite Index	11,689	2.58%	-2.65%	11.68%
Dow Jones Industrial Average	33,390	1.75%	-1.58%	0.74%
Europe				
Euro Stoxx 50	4,294	2.78%	0.86%	13.21%
FTSE 100 Index	7,947	0.87%	0.57%	6.65%
CAC 40 Index	7,348	2.24%	1.58%	13.51%
DAX Index	15,578	2.42%	0.66%	11.88%
Swiss Market Index	11,190	0.07%	-1.40%	4.29%
FTSE MIB	27,825	3.11%	3.24%	17.37%
Asia Pacific Indices				
Nikkei 225	28,237	2.97%	1.96%	8.21%
Hang Seng Index	20,659	3.59%	-2.65%	4.44%
CSI 300 Index	4,109	1.62%	0.55%	6.14%
KOSPI Index	2,462	2.50%	1.00%	10.12%
S&P/ ASX 200	7,525	1.43%	-2.84%	4.21%
Nifty 50	17,594	1.16%	-0.96%	-2.82%

Source: MarketWatch, Bloomberg

Commodities, FX and Bonds

Given market expectations that interest rates will remain higher for longer, investors should stay cautious and allocate away from high yield corporate bonds – the share of low-grade B-rated debt in rating indexes is the highest in 10 years. Corporates in general will face more pressures on margin and profitability.

Commodities				
	Last Price	5-D (%)	1M (%)	YTD (%)
Energy				
WTI Crude Futures/ bbl	79.15	4.46%	6.28%	-1.60%
Brent Crude Futures/ bbl	85.18	3.80%	4.64%	-0.94%
Natural Gas Futures / MMBTU	2.851	0.46%	14.27%	-30.14%
Metals				
Aluminium Futures/ MT	2,394	+0.74%	-5.90%	+0.23%
Copper Futures/ Lb	4.0640	+1.38%	+0.67%	+6.39%
Nickel Active Futures/ MT	24,570	-3.27%	-9.59%	-17.88%
Gold Spot \$/Oz	1,860	+2.00%	-1.04%	+1.67%
Silver Spot \$/Oz	21.37	+3.06%	-4.15%	-11.62%
Agriculture				
Cotton Futures / Lb	84.27	-0.92%	-1.21%	+1.04%
Corn Futures/ Bu	638	-0.85%	-5.90%	-5.97%
Soybean Futures/ Bu	1,514.25	+0.10%	-0.44%	-0.66%
Sugar Futures/ Lb	20.92	+6.25%	-1.74%	+4.34%
Wheat Generic Futures/ Bu	705	-0.70%	-5.94%	-10.87%

Source: MarketWatch, Bloomberg

Currencies				
	Last Price	5-D (%)	1M (%)	YTD (%)
EUR / USD	1.0655	0.41%	-0.66%	-0.45%
GBP / USD	1.2039	-0.22%	0.17%	-0.49%
CHF / USD	1.0733	0.44%	-0.35%	-0.71%
USD / JPY	135.57	-0.49%	2.20%	3.39%
USD / CNY	6.9189	-0.38%	1.82%	0.30%
Fixed Income				
	Last Price	5-D (bps)	1M (bps)	YTD (bps)
US 10 Year	3.931	1.33	28.67	5.18
Germany 10 Year	2.649	6.89	35.12	7.92
Italy 10 Year	4.433	0.22	28.33	-26.26
Spain 10 Year	3.693	15.63	47.10	7.17
UK 10 Year	3.857	20.11	80.37	18.96
Japan 10 Year	0.507	0.26	0.75	9.18
US Treasury 3M Bill	4.835	3.18	18.50	41.53
US Generic Govt. 2Y	4.846	5.55	36.34	42.25
US Generic Govt. 30 Y	3.873	-5.74	19.57	-9.89

Source: MarketWatch, Bloomberg

Economic Calendar

Mar 7, 2023

Australia: RBA Rate Decision **Forecast:** 3.60% **Previous:** 3.35%
United States: Fed Chair Powell Testimony
Earnings Release: SoftBank Group Corp, CrowdStrike Holdings Inc., Dick's Sporting Goods Inc., Manchester United PLC.

Mar 8, 2023

Euro Area: GDP Growth Rate QoQ 3rd Est (Q4) **Forecast:** 0% **Previous:** 0.3%
Euro Area: GDP Growth Rate YoY 3rd Est (Q4) **Forecast:** 1.9% **Previous:** 2.3%
Euro Area: ECB President Lagarde Speech
United States: Balance of Trade (JAN) **Forecast:** -\$69B **Previous:** -\$67.4B
Earnings Release: Deutsche Post AG, Prudential PLC, adidas AG, Campbell Soup Co.

Mar 9, 2023

Japan: GDP Growth Annualized Final (Q4) **Forecast:** 0.8% **Previous:** -1.0%
China: Inflation Rate YoY (FEB) **Previous:** 2.1%
United States: Initial Jobless Claims **Forecast:** 195K **Previous:** 190K
United States: Continuing Jobless Claims **Forecast:** 1655K **Previous:** 1655K
United States: Fed Barr Speech
Earnings Release: Oracle Corp, JD.com Inc., Kering SA, Safran SA, Ulta Beauty Inc., Wheaton Precious Metal, Commerzbank AG, DocuSign Inc., FuelCell Energy Inc.,

Source: Bloomberg Markets, Morning Star, SH Capital House Views

Economic Calendar

Mar 10, 2023

Japan: BoJ Interest Rate Decision

Forecast: -0.1%

Previous: -1.3%

Germany: Inflation Rate YoY Final (FEB)

Forecast: 8.7%

Previous: 8.7%

China: New Yuan Loans (FEB)

Previous: CNY 4900B

United States: Non-Farm Payrolls (FEB)

Forecast: 200K

Previous: 517K

United States: Unemployment Rate

Forecast: 3.4%

Previous: 3.4%

Earnings Release: UniCredit SpA

Source: Bloomberg Markets, Morning Star, SH Capital House Views

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