

Markets Snap**SH**ot

03rd April 2023

Market Overview

Entering into the second quarter of the year offers a moment of pause to look back at the performance of the first quarter of 2023. While most market participants expected challenges from looming recessionary conditions and challenges by the US Fed to curb inflation, the liquidity crisis that led to the collapse of SVB bank and New York's Signature Bank and the takeover of Swiss giant Credit Suisse by UBS was largely unpredicted at the beginning of the year. While the threat of such "Minsky Moments" is still a possibility, the drop in bank borrowing from the Federal Reserve since the takeover of SVB last week is a positive sign that the crisis would be contained. The White House is proposing to tighten regulations on mid-sized banks which may tighten credit conditions going forward.

European indices did better than their US counterparts with the EuroStoxx 50 yielding 13.74% YTD in EUR compared to the S&P 500 Index 7% performance in USD. Asian markets tracked behind Europe and the US, but also ended the quarter on a positive note. The announced split of Alibaba Group Holding's USD 257 billion business empire into six independent units would help unlock value in Chinese tech. Impact of the banking stress and higher interest rates have dropped global M&A to its 10-year low in Q1. There was some positive news last week- The annual core personal consumption index fell from 4.7% in January to 4.6% in February which was a sign of success in the Fed's fight against inflation. Headline inflation also fell sharply in the Euro Area although core inflation slightly ticked upwards. The important data releases for the week would be the stream of PMI data and the March nonfarm payrolls. US corporate guidance starting with bank earnings releases would soon be in focus as Q1 reporting season starts.

Equities	Last Price	5-D (%)	1M (%)	YTD (%)
Americas				
S&P 500 Index	4,109	3.48%	1.57%	7.03%
NASDAQ Composite Index	12,222	3.37%	4.56%	16.77%
Dow Jones Industrial Average	33,274	3.22%	-0.35%	0.38%
Europe				
Euro Stoxx 50	4,315	4.46%	0.47%	13.74%
FTSE 100 Index	7,631	3.06%	-3.97%	2.42%
CAC 40 Index	7,322	4.38%	-0.35%	13.11%
DAX Index	15,628	3.31%	-0.16%	12.25%
Swiss Market Index	11,106	2.97%	-0.37%	3.51%
FTSE MIB	27,114	3.46%	-2.99%	14.37%
Asia Pacific Indices				
Nikkei 225	28,188	2.59%	-0.18%	8.02%
Hang Seng Index	20,343	3.96%	-1.26%	2.84%
CSI 300 Index	4,090	1.95%	-0.45%	5.65%
KOSPI Index	2,472	2.62%	0.39%	10.55%
S&P/ ASX 200	7,416	3.82%	-1.45%	2.70%
Nifty 50	17,359	2.20%	-1.99%	-4.12%

Source: MarketWatch, Bloomberg

Commodities, FX and Bonds

The drop in sovereign yields have led to US investment grade and non-investment grade bonds outperforming their European counterparts. Gold has risen over 8% following the stress in the banking sector. In commodities, Saudi Arabia is leading a coordinated effort to remove over 1 million barrels per day (BPD) from global oil supplies in response to the US government's decision not to begin refilling its Strategic Petroleum Reserve this year- the move pushed oil prices back over \$80/bbl. With OPEC support of the Saudi initiative and increase in global demand following the reopening of China, a further upside potential exists for oil prices to climb further in the following months.

Commodities

	Last Price	5-D (%)	1M (%)	YTD (%)
Energy				
WTI Crude Futures/ bbl	79.88	9.67%	-0.71%	-0.70%
Brent Crude Futures/ bbl	84.30	8.41%	-2.26%	-1.97%
Natural Gas Futures / MMBTU	2.074	-6.53%	-25.10%	36.17%
Metals				
Aluminium Futures/ MT	2,417	+2.20%	+0.96%	1.19%
Copper Futures/ Lb	407.85	-0.41%	0.10%	6.81%
Nickel Active Futures/ MT	23,625	-0.74%	-3.85%	-21.04%
Gold Spot \$/Oz	1,977	1.06%	6.61%	8.47%
Silver Spot \$/Oz	23.90	3.60%	12.57%	-0.04%
Agriculture				
Cotton Futures / Lb	82.84	4.15%	-2.25%	-0.67%
Corn Futures/ Bu	665	2.74%	4.19%	-1.99%
Soybean Futures/ Bu	1,517	5.24%	-0.75%	-0.48%
Sugar Futures/ Lb	22.32	6.34%	6.95%	11.32%
Wheat Generic Futures/ Bu	705.25	1.11%	1.33%	-10.84%

Source: MarketWatch, Bloomberg

Currencies

	Last Price	5-D (%)	1M (%)	YTD (%)
EUR / USD	1.0875	0.70%	1.77%	1.61%
GBP / USD	1.2385	0.81%	2.97%	2.37%
CHF / USD	1.0934	0.11%	1.77%	1.15%
USD / JPY	133.03	1.11%	-2.13%	1.46%
USD / CNY	6.8825	-0.04%	-0.69%	-0.23%

Fixed Income

	Last Price	5-D (bps)	1M (bps)	YTD (bps)
US 10 Year	3.499	-3.78	-46.59	-38.08
Germany 10 Year	2.32	8.46	-43.19	-25.53
Italy 10 Year	4.125	-0.39	-40.39	-57.09
Spain 10 Year	3.308	-3.28	-34.39	-31.31
UK 10 Year	3.449	-0.52	-37.87	-21.81
Japan 10 Year	0.400	8.62	-10.50	-1.51
US Treasury 3M Bill	4.771	6.75	-17.14	35.17
US Generic Govt. 2Y	3.986	-8.55	-102.85	-43.75
US Generic Govt. 30 Y	3.645	-12.73	-22.97	-32.68

Source: MarketWatch, Bloomberg

Economic Calendar

April 4, 2023	Australia: RBA Interest Rate Decision Euro Area: ECB Consumer Expectations Survey United Kingdom: BoE Pill Speech Earnings: Byd Co Ltd, SoftBank Group Corp	Forecast: 3.6%	Previous: 3.6%
April 5, 2023	Euro Area: S&P Global Services PMI Final (MAR) United States: Balance of Trade (FEB) United States: S&P Global Services PMI Final (MAR) United States: ISM Non-Manufacturing PMI Earnings Release: Conagra Brands Inc., Hugo Boss, Petrofac Ltd	Forecast: 55.6	Previous: 52.7
		Forecast: \$-69B	Previous: \$-68.3B
		Forecast: 53.8	Previous: 50.6
		Forecast: 54.5	Previous: 55.1
April 6, 2023	India: RBI Interest Rate Decision Canada: Unemployment Rate United States: Initial Jobless Claims Earnings Release: Ping An Insurance Group, Kering SA, Safran SA, Constellation Brands, Commerzbank	Forecast: 6.75%	Previous: 6.5%
		Forecast: 5.1%	Previous: 5.0%
		Forecast: 200k	Previous: 198k
April 7, 2023	United States: Nonfarm Payrolls United States: Unemployment Rate	Forecast: 240k	Previous: 311k
		Forecast: 3.6%	Previous: 3.6%

Source: Bloomberg Markets, Morning Star

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