

Weekly Market Recap

Week in review

- U.S. March headline and core CPI rose 0.4% m/m
- U.S. March headline and core PPI rose 0.2% m/m
- China March CPI headline and core CPI rose 0.1% and 0.6% y/y

Week ahead

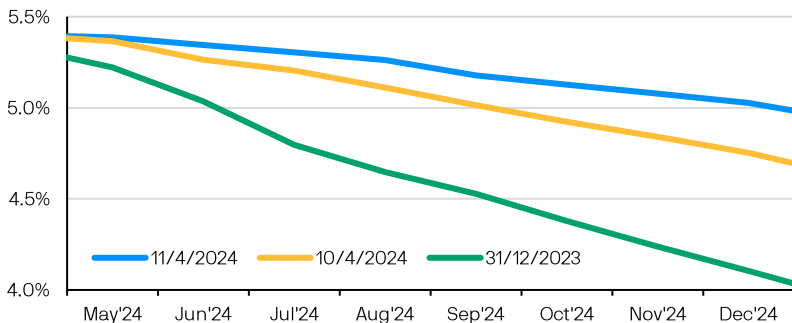
- China GDP and activity data
- Japan nationwide core CPI
- U.S. retail sales, industrial production

Thought of the week

The hotter-than-expected March CPI report sent the 10-year Treasury yield to hit 4.58% on Thursday from only 4.35% prior to the release of the report, one of the largest jumps in 2 years. Markets seemed to find the stickiness in this CPI print harder to dismiss as temporary seasonality, as was the last 2 prints. Indeed, auto insurance and healthcare costs are looking increasingly supported by structural factors, however, it might be a relief that these components carry a much smaller weight in the PCE deflator, the Federal Reserve's preferred measure. Combining this with the March PPI report that was more in line with consensus, PCE inflation released on April 26 will likely prove more stable. Having said that, market expectations of a June rate cut dialed back significantly from a 60% probability before the CPI release, to less than 20% after. We agree odds have shifted towards a later start to the cutting cycle, but the longer the Fed waits, the more they risk facing complications with regards to election optics. Nonetheless, rate cuts are not the sole factor moving markets. The 303K job gains and manufacturing PMI rising to a 21-month high continue to point to a resilient U.S. economy, supporting earnings growth. The supportive backdrop for U.S. equities is not materially impacted by the timing of Fed cuts.

Market expectations of U.S. rates in 2024, as expected on different dates

Based on the overnight index swap market



Market data

MSCI indices	Index returns (%)		
	% w/w	% m/m	% YTD
World \$US	-1.5	-1.4	5.7
U.S.	-1.6	-1.0	7.3
Europe \$US	-1.9	-2.9	1.5
Japan \$US	1.1	0.2	8.4
EM \$US	-0.4	-0.7	1.8
Asia Pac ex JP \$US	-0.5	-1.3	1.1
Asia Pac ex JP (LCL)	0.2	0.4	4.2
ASEAN \$US	-0.3	-2.2	-2.2
China \$US	-0.2	-2.0	-1.8

Markets			
Hong Kong Hang Seng	0.0	-2.2	-1.9
Taiwan SE Weighted	2.0	4.1	15.6
Korea SE Comp	-1.2	0.0	1.0
TOPIX	2.1	3.9	16.6
Shanghai SE AShare	-1.6	-1.2	1.5
KLCI Comp	-0.3	-0.2	6.6
Bangkok SET	1.5	1.2	-1.4
Philippine SE Comp	-1.3	-3.2	3.2
Singapore Straits Times	0.0	2.4	-0.7
Jakarta SE Comp	0.0	-1.3	0.2
India BSE100	0.2	1.7	5.5
ASX All Ords	0.3	1.0	2.8

Sectors (World \$US)			
Cons. Disc.	-0.4	-0.6	4.7
Cons. Staples	-1.0	-2.9	0.0
Energy	-0.3	8.7	13.1
Financials	-2.4	-1.2	6.4
Healthcare	-2.0	-4.6	2.6
Industrials	-1.1	1.3	8.8
InfoTech	-0.1	-1.4	11.6
Materials	-0.1	3.8	3.8
Comms Services	-0.6	3.8	12.9
Utilities	-0.3	2.0	0.7
Real Estate	-2.2	-4.4	-5.3

Volatility	Level		
	Level	1Week	31/12/23
VIX	17.3	16.0	12.4

Gov't 10-year bonds	Yield	Change (bps)		
		w/w	m/m	YTD
Australia	4.27	17	32	31
China	2.30	0	-6	-28
Germany	2.33	-5	-1	32
India	7.14	3	8	-3
Indonesia	6.68	0	0	18
Japan	0.84	7	7	23
Korea	3.54	10	20	34
Singapore	3.34	14	35	64
Thailand	2.74	16	24	5
UK	4.10	6	6	57
U.S.	4.52	13	36	64

Credit markets				
Global Agg	3.96	13	23	45
Global IG	5.13	14	24	45
Global HY	8.34	14	13	14
EMD (\$US)	8.00	17	10	15
EMD (LCL)	3.93	2	0	-16

Currencies	Level	Change (%)		
		w/w	m/m	YTD
Australia	0.6470	-1.5	-2.0	-5.2
China	7.2374	0.0	-0.9	-2.0
Euro	1.0631	-1.7	-2.6	-3.8
India	83.42	-0.2	-0.8	-0.3
Indonesia	15,845	0.0	-1.6	-2.8
Japan	152.95	-0.9	-3.4	-7.8
Korea	1375.35	-1.6	-4.7	-6.4
Malaysia	4.7700	-0.5	-1.9	-3.7
Philippines	56.54	0.0	-2.2	-2.1
Swiss	0.9109	-1.0	-3.6	-7.6
Taiwan	32.29	-0.6	-2.7	-4.9
Thailand	36.61	0.1	-2.8	-6.8
UK	1.2436	-1.4	-2.7	-2.5

Commodities				
DJ/UBS Commodity Index	102.92	0.0	4.8	4.3
Crude Oil (WTI,\$/bbl)	85.00	-3.1	8.3	18.2
Gold (\$/troy oz)	2,402	4.5	11.1	15.5
Silver (\$/troy oz)	29.02	8.4	19.1	22.0
Copper (\$/ton)	9,402	2.2	9.8	10.9

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Source: Bloomberg, J.P. Morgan Asset Management. Data reflect most recently available as of 12/04/24.

All returns in local currency unless stated otherwise. Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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