



# Daily Asia-Pacific Opening News

18th April 2024

## SNAPSHOT

STOCKS			
S&P 500	-0.6%	Nasdaq Comp.	-1.2%
DJIA	-0.1%	Russell 2000	-1.0%
ES Jun'24	-0.6%	RTY Jun'24	-1.1%
NQ Jun'24	-1.2%	YM Jun'24	-0.2%

FX			
DX	-0.4% (105.94)	EUR/USD	+0.5%
USD/JPY	-0.2%	GBP/USD	+0.2%

BONDS			
US T-Note Jun'24	+14.5 ticks	10yr Bund Jun'24	+29 ticks
US 10yr Yield	4.59%	German 10yr Yield	2.47%
US 2s10s	-2.5bps	US 5s30s	+2.5bps

ENERGY & METALS			
WTI May'24	-2.9%	Brent Jun'24	-2.9%
Spot Gold	-0.9%	LME Copper	+0.9%

CRYPTO			
Bitcoin	-3.6%	Ethereum	-2.8%

As of 21:50BST/17:50EDT

## LOOKING AHEAD

- Highlights include Australian Jobs Data, Comments from Fed's Mester, Bowman & BoJ's Noguchi, Supply from Japan.
- Click [here](#) for the Newsquawk Week Ahead.

## US TRADE

- US stocks** declined with the downside led by the Nasdaq as the tech sector underperformed with semis pressured by a poor ASML earnings report, while stocks pared some of the weakness after a stellar 20yr bond auction before the selling resumed into the closing bell.
- SPX** -0.58% at 5,022, **NDX** -1.24% at 17,493, **DJIA** -0.12% at 37,753, **RUT** -0.99% at 1,947.



- Click [here](#) for a detailed summary.

## NOTABLE HEADLINES

- **Fed Beige Book** stated overall economic activity expanded slightly and on balance since late February, while ten out of twelve districts experienced either slight or modest economic growth which is up from eight in the previous report, while the other two reported no changes in activity.
- **US President Biden** is expected to remove tariff exemption for bifacial solar panel imports although no timeline is set for removals.
- **White House Economic Adviser Bernstein** said any increase in US tariffs on Chinese steel and aluminium should not affect inflation and if the US does not take action, it would put critical sectors at risk, according to a CNBC interview.
- **US Republican presidential candidate Trump** indicated to economic advisors he is interested in a new middle-class tax cut and among the ideas is slashing the payroll tax, according to Reuters sources.

## FX

- **USD** softened and the DXY retreated to sub-106.00 in the absence of any tier-1 data and Fed speak, while the retreat was seemingly driven by the move lower in US rates and perhaps some reversal after the sharp upside seen recently.
- **EUR** benefitted from the softer dollar but remained at the 1.0600 handle with the slew of ECB commentary not providing anything new with some continuing to allude to a cut in June.
- **GBP** edged mild gains and was only brief support from the firmer-than-expected CPI data as BoE officials were unfazed by the release whereby Governor Bailey said to expect a strong drop in inflation next month, while BoE's Greene suggested the data is encouraging and that the BoE is closer to target than a few months ago.
- **JPY** marginally strengthened against the dollar although the rebound was limited with USD/JPY remaining in 154.00 territory.

## FIXED INCOME

- **Treasuries** recovered from recent losses in a spell of short-covering and with dip buying appetite reflected in the solid 20yr auction.

## COMMODITIES

- **Oil prices** were lower and settled at troughs following a larger-than-expected EIA crude build coupled with a lack of any major geopolitical updates as markets await an Israeli response to Iran.
- **US EIA Weekly Crude Stocks w/e 2.7M vs. Exp. 1.8M (Prev. 5.8M).**
- **US replaced the license that eased oil sanctions on Venezuela with a new 45-day license for companies to wind down transactions**, according to the Treasury website.
- **US officials confirmed the license that eased oil sanctions on Venezuela will not be renewed after expiring after midnight** and any activity allowed under the prior license will have to be wound down by May 31st. It was earlier reported that the US is to reimpose the Venezuela oil ban unless Venezuelan President Maduro acts quickly and has two days to take steps, according to Bloomberg.
- **Venezuela's Oil Minister said they are willing to expand the oil area assigned to the JV between the US, Chevron (CVX) and Venezuela's state-run company PDVSA.**

## GEOPOLITICAL

### MIDDLE EAST

- **Israel considered striking Iran on Monday but decided to wait**, according to five US and Israeli sources cited by Axios. Furthermore, an Israeli official said the decision to respond to the Iranian attack against Israel has been made and the only question is when and how.
- **Israeli Minister of National Security said they cannot silently bypass the Iranian attack and a weak response will change the deterrence equation against Israel**, according to Sky News Arabia.
- **Former Mossad intelligence chief said striking Iran's nuclear facilities is "on the table"**, according to Sky News.
- **Israeli air force said their fighter jets struck Hezbollah infrastructure in eastern Lebanon's Baalbek.**



- Iranian admiral said they are to escort Iranian commercial ships to the Red Sea given the tensions in the region, while they are ready for confrontation at all levels and any mistake from the enemies will be met with a wide attack. Furthermore, he warned that if Israel makes any strategic mistake, it will receive a strong blow, according to Al Jazeera and Tasnim.
- Iran's Army Air Force commander said forces are ready to execute orders using the Soviet-era Sukhoi Su-24 bombers against Israel, according to Iran International.
- US Secretary of Defense Austin said the US will do what is necessary to help defend Israel, according to Al Jazeera.
- Israel military said food trucks entered Gaza from the Ashdod port for the first time since the additional aid inspection point was opened.
- Qatari PM said Gaza ceasefire talks are going through a "delicate phase", while the PM later commented that Qatar is reassessing its role as a mediator between Israel and Gaza because its role is being misused by some politicians for their own goals.
- Italy said EU foreign ministers back sanctions on everyone who gives drones, weapons, and missiles to Israel's enemies and those who attack ships in the Red Sea.

## OTHER

- US House Speaker Johnson told Republicans text of the Ukraine, Israel, and Taiwan bills will be filed on Wednesday and a fourth bill will include a provision to seize Russian assets and a TikTok bill, according to Reuters citing House sources. It was later reported that House Speaker Johnson said the TikTok divest-or-ban bill is moving on a fast track through Congress.
- US House Appropriations Committee said the House Republican bills would send USD 8.12bln to aid Taiwan and counter Chinese efforts in the Indo-Pacific region, while it would provide USD 26.38bln for Israel and USD 68.84 in Ukraine.
- NATO Secretary General Stoltenberg said the NATO-Ukraine council will meet on Friday and there will be a focus on air defence and sending more artillery rounds to Ukraine at the meeting.

## ASIA-PAC

### NOTABLE HEADLINES

- US President Biden directed his administration to work with Mexico to stop Chinese evasion of metals tariffs, while he called on trade representatives to consider increasing the tariff rate on Chinese steel and aluminium products to 25% from current averages of 7.5%, according to the White House. It was later reported that the proposed tariffs would apply to more than USD 1bln on steel and aluminium products from China, while President Biden commented there is no trade war when asked about the proposed China metals tariffs and said he wants fair competition not conflict with China.
- US Trade Representative Tai expects to conclude the review of Section 301 China tariffs soon, while she said the US has to take "decisive" action against China's state support for EV and solar products.
- China's Commerce Ministry commented that China is strongly dissatisfied with and firmly opposes the US Section 301 investigations.
- Chinese embassy said it hopes the US will work with China to stop actions that violate international economic and trade rules and disrupt the international economic and trade order.
- US Secretary of State Blinken is travelling to China on April 23rd, according to Politico.
- EU gave TikTok 24 hours to provide risk assessments on TikTok Lite amid concerns of the impact on children and users' mental health, according to Reuters sources.
- Japanese Finance Minister Suzuki held a bilateral meeting with US Treasury Secretary Yellen and agreed to communicate closely on FX, while Suzuki said he wants to closely consult with the US and South Korea on FX.
- Japanese Vice Finance Minister for International Affairs Kanda said Japan is always communicating with the US and each country's authorities on Japan's stance on FX and financial markets.
- BoK Governor Rhee said in the last couple of weeks, the exchange rate has deviated a little bit from what could be justified by market fundamentals, while he added that they have the resources and tools to smooth out any FX volatility.

## EU/UK

### NOTABLE HEADLINES



- **BoE Governor Bailey said the UK economy is on track with February forecasts and the Bank's job is to hit the inflation target sustainably, while he added expect a strong drop in inflation next month** and the latest inflation figures were only a small amount above expectations.
- **BoE's Greene said cutting inflation to the target is a "bumpy ride" and that it was encouraging news on UK inflation which is closer to the target than a few months ago**, while she is worried about what an energy price shock or other supply-side shocks could do to inflation expectations.
- **ECB President Lagarde said growth in Europe is mediocre and much slower than in the US**, while she added that Euro-area inflation is a different animal than in the US and they are clearly seeing timid signs of a recovery.
- **ECB's Centeno said wage growth has been coming down significantly and market expectations are clear for June. Centeno also stated that the ECB won't decide on all cuts at one meeting and 'several' rate cuts are possible in the course of the year**, while he added the Fed won't guide monetary policy in the Euro Zone. ECB Centeno also said "If we have to cut rates before the Fed, so be it" and the number of cuts depends on incoming data.
- **ECB's Cipollone said they are seeing some signs of an economic recovery and referenced PMIs, while Cipollone added expect inflation at more or less these levels for the remainder of the year** and noted that services inflation has been sticky.
- **ECB's Holzmann said they have to wait until June to decide if to cut rates and it is too early to say how many times the ECB will cut rates this year.**
- **ECB's Nagel said a June rate cut looks increasingly likely but there are still some caveats and that certain parts of the incoming inflation data still look higher than desired**, according to CNBC. ECB's Nagel also said price pressures in the Eurozone could continue for some time and it is not completely clear if the inflation rate will reach the 2% target next year, according to a WIWO interview.
- **ECB's Schnabel said financial markets repricing of rates over the last few months shows investors expect policymakers, at least for now, to continue to pay more attention to actual inflation outcomes.**

## DATA RECAP

- UK CPI YY (Mar) 3.2% vs. Exp. 3.1% (Prev. 3.4%)
- UK Core CPI YY (Mar) 4.2% vs. Exp. 4.1% (Prev. 4.5%)
- EU HICP Final YY (Mar) 2.4% vs. Exp. 2.4% (Prev. 2.4%)

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