



WEEKLY MACRO NEWS UPDATE

High level overview of the developments
in global capital markets

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MANAGEMENT

U.S

US Economic Data Release; Hopes for a Fed Rate Cut Dimmed

- 210k initial claims were filed in the week ended 17 February, a decline from 213k claims in the preceding week. The number of continuing claims slipped by 27k to 1.862 million - both initial and continuing jobless claims came in below consensus estimates, suggesting that the labor market remained tight.
- Early estimates of S&P Global PMI for service and manufacturing came in for the month of February. Manufacturing PMI rose to 51.5, highest level in 17 months due to an increase in export orders. While services PMI declined to 51.3 from 52.5 in January as business activity in the services sector cooled.
- The Fed Board Governor Christopher Waller shared his opinion in a speech delivered on Thursday – he suggested for policymakers to not rush into cutting rates due to (i) higher than expected inflation figures in January, (ii) tight job market, and (iii) solid US GDP figures for Q4 2023.

China

Lunar New Year Tourism Data; PBOC Announced Supportive Measures

- According to data from Ministry of Culture and Tourism, tourism revenue surged 47% over the Lunar New Year holiday – domestic trips rose 34% YoY and international trips also increased. However average spending per trip fell 9.5% from 2019, signaling lingering caution among consumers.
- In efforts to support the economy, the PBOC injected RMB 500 billion into the banking system via its medium-term lending facility and announced a 25bps rate cut on the 5-year loan prime rate to 3.95%.

Europe

Eurozone PMI Figures Stabilizing; BOE Comfortable with Bets on Rate Cuts

- Eurozone composite PMI for February came in at 48.9, an increase from 47.9 in January –suggesting that the EU economy could be stabilising due to a recovery in the services sector. Composite PMI for Germany and France declined, while the rest of eurozone expanded for the second month running.
- The compositive PMI for UK rose to 53.3 in February from 52.9 in January, accompanied by a solid improvement in customer demand - this marks the 4th straight month of increase in PMI figures.
- BoE Governor Andrew Bailey told the parliamentary committee that he was “comfortable” with investor betting on rate cuts this year. He also pointed to “encouraging signs’ that price pressures were easing and an upturn in the UK economy.

Japan

Economic Data Release for Japan

- Early-week data showed that core machinery orders were up 2.7% MoM in December, after having contracted 4.9% in the previous month. Japanese export data also came in strong in January, with an increase of 11.9% MoM, allaying some fears of a slowing global demand.

Upcoming Economic Releases

Releases	Release Date	Period	Expected	Actual	Prior
US ISM Manufacturing	01-Mar-24	Feb	49.5	-	49.1
US GDP Annualised QoQ	28-Feb-24	4Q S	3.3%	-	3.3%
China Manufacturing PMI	01-Mar-24	Feb	49.1	-	49.2
Malaysia CPI YoY	23-Feb-24	Jan	1.6%	1.5%	1.5%
Singapore CPI YoY	23-Feb-24	Jan	3.8%	2.9%	3.7%

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ASSET CLASS PERFORMANCE

Equities / Fixed Income /
Commodities and Other Alternatives

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Equities	Level	Daily Chg (%)	1 Week Chg (%)	MTD (%)	YTD (%)
Equities					
World					
MSCI World	3,334	0.13	1.49	4.02	5.20
MSCI World Islamic	1,926	0.04	1.13	2.25	1.81
U.S.					
S&P500	5,089	0.03	1.66	5.02	6.69
DJIA	39,132	0.16	1.30	2.57	3.83
Nasdaq	15,997	(0.28)	1.40	5.49	6.56
Russell 2000	2,017	0.14	(0.79)	3.56	(0.51)
Europe					
Stoxx 600	497	0.43	1.15	2.38	3.81
Emerging Market					
MSCI EM	1,028	(0.11)	1.19	5.38	0.45
Asia					
MSCI Asia Pacific	173	0.08	1.23	3.90	2.14
Nikkei	39,099	-	1.59	7.75	16.84
CSI 300	3,490	0.09	3.71	8.53	1.71

United States:

US equity indexes moved higher over the week, supported by optimism over Nvidia’s potent results.

Europe:

EU stocks climbed to a record high on strong quarterly results from NVIDIA boosted by a global rally and demand for tech stocks.

China:

Chinese equities rallied on recovery hopes following buoyant holiday spending during the Lunar New Year holiday.

Japan:

Japanese stocks ended at new all-time high as investor confidence rose led by improved corporate profitability and the economy's steady growth.

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Fixed Income/ Sukuk	Level	Daily Chg (%)	1 Week Chg (%)	MTD (%)	YTD (%)
Fixed Income					
Bloomberg Barclays Global	459	0.30	0.43	(1.33)	(2.69)
DJ Sukuk (TR)	196	0.03	0.15	(0.44)	(0.82)
US Treasuries (in bps)					
2-yr UST	4.69	(2.20)	4.80	48.29	43.97
5-yr UST	4.28	(4.79)	0.61	44.45	43.28
10-yr UST	4.25	(7.27)	(3.12)	33.56	36.89
30-yr UST	4.37	(8.57)	(6.53)	20.43	34.21

UST 10 Yr was down by 7bps at 4.25%. UST 2 Yr was more than 2bps lower at 4.69% – Treasury yields were mostly lower as markets bet that the Fed will not cut interest rates until at least June.

According to Fitch, the US\$ 77bn Bahrani Islamic finance industry is well-developed - the rating agency expects continued growth in 2024-2025 driven by banking sector consolidations, bottom-up demand and sukuk’s role in funding and meeting fiscal deficits.

Saudi National Bank (“SNB”) has launched a US\$ 850 million 5-year sukuk - spread for debt sale was set 90bps over UST.

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Alternatives	Level	Daily Chg (%)	1 Week Chg (%)	MTD (%)	YTD (%)
Commodities					
General Commodities	551	(1.49)	(1.43)	(0.74)	2.86
Gold	2,035	0.54	1.08	(0.20)	(1.34)
Oil (Brent)	82	(2.45)	(2.22)	(0.11)	5.94
Natural Gas	2	(7.45)	(0.37)	(23.67)	(36.24)
Currency					
USD SGD	1.34	0.01	(0.30)	0.17	1.73
EUR USD	1.08	(0.02)	0.41	0.03	(1.97)
GBP USD	1.27	0.09	0.56	(0.13)	(0.46)

Gold:

Gold prices were set for a weekly gain on Friday, buoyed by a decline in US Treasury yields and the Dollar – defying typical safe-haven asset trends as financial markets turn into a risk-on mode.

Oil:

Oil prices posted a weekly decline after the Fed indicated that a Fed rate cut could be delayed by at least 2 more months and the number of active US oil rig rose by 6 over the week.

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