

US labor market remains tight – supporting overall economic growth; G-10 central banks scale back on timing of first rate cut; Stocks retreat from record highs on signs of manufacturing revival.

Economic Update

Economy: US labor market remains tight, as wage growth eases; Eurozone inflationary pressures fall to 28-month low.

US: In March, the economy added 303k jobs (c: 200k; p: 270k), as employment gains remain elevated by historical standards and continue to surpass the 70-100K needed monthly to keep up with the expanding working-age population.

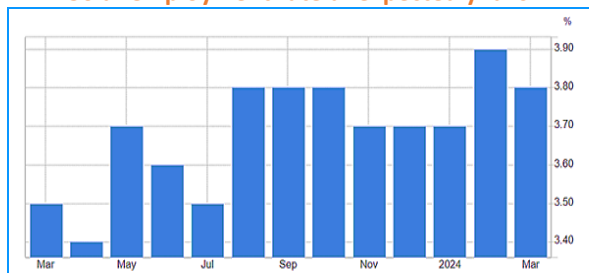
Average hourly earnings eased to 4.1% y-o-y (c: 4.1%; p: 4.3%), reaching the lowest growth rate since June 2021.

The unemployment rate dipped to 3.8% (c: 3.9%; p: 3.9%), as the number of unemployed individuals decreased by 29k to 6.4m, while employment levels saw a significant surge, rising by 498k to reach 161.5m.

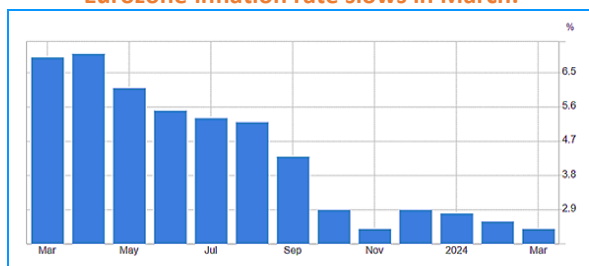
Eurozone: In March, the CPI rate declined to 2.4% y-o-y (c: 2.6%; p: 2.6%), matching November's 28-month low.

The core-CPI rate also cooled to 2.9% y-o-y (c: 3.0%; p: 3.1%), reaching the lowest point since February 2022 – solidifying expectations of monetary policy easing by the European Central Bank in the upcoming months.

US unemployment rate unexpectedly falls.



Eurozone inflation rate slows in March.



Market Update

Equities: Global stocks end the week lower as rate cut hopes diminish.

US: The S&P 500 pulled back (-1.0% w-o-w to 5,204), after jobs data suggest the labor market remains tight, potentially delaying the widely expected interest rate cuts amid mixed comments from FOMC officials.

Eurozone: Equity markets eased (Eurostoxx 50, -1.4% w-o-w, to 5,015), after Shell announced that its Q1 trading results for the integrated gas division are anticipated to show a substantial decline compared to Q4 figures.

EMs: Equities rose (MSCI EMs, +0.2% w-o-w, to 1,046), as Chinese stocks advanced (Shanghai Comp., +0.9% w-o-w, to 3,041), driven by March's economic indicators which reinforced hopes that China's economy may start to recover.

Fixed Income: US 10-year yield rises; German bund yield rebounds.

Global fixed incomes fell (BAML Global, -0.8% w-o-w to 264.8), and **UST yields** rose (+18bps, to 4.38%), as traders pared some bets about the Fed's policy easing.

In the Eurozone, the yield on the **German 10-year Bund** gained (+11bps to 2.40%), buoyed by data indicating a persistently tight US labor market, which diminished the likelihood of immediate interest-rate cuts by major central banks.

FX: DXY weakens after jobless claims data; EUR rebounds from 7-week low.

The **DXY index** weakened (-0.2%, to 104.298), despite a robust jobs report that fueled expectations of prolonged higher interest rates.

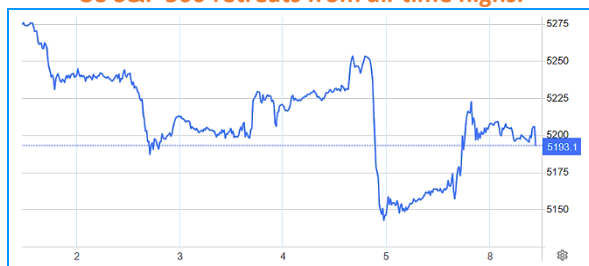
The **EUR/USD** advanced (+0.4%, to 1.084), after PMIs were revised upwards, indicating expansion in private sector activity after ten months of contraction.

Commodities: Oil rises on geopolitical tensions; Gold extends record rally.

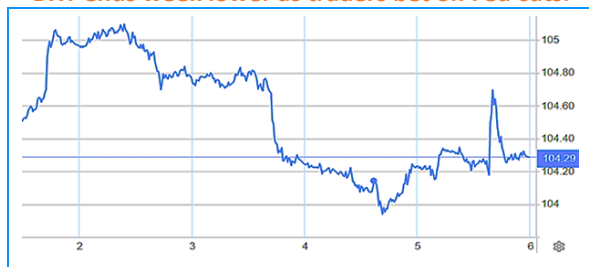
Oil prices were higher (**Brent**, +4.2% w-o-w, to 91.2 USD/b), as escalating geopolitical tensions in oil producing regions, OPEC+ efforts to curb supply, and a strong energy demand outlook sparked a rally in oil prices.

Gold prices rose (+4.4% w-o-w, to 2,330 USD/Oz) supported by US interest rate cut bets, speculative buying, and central bank purchases – amid strong US job growth.

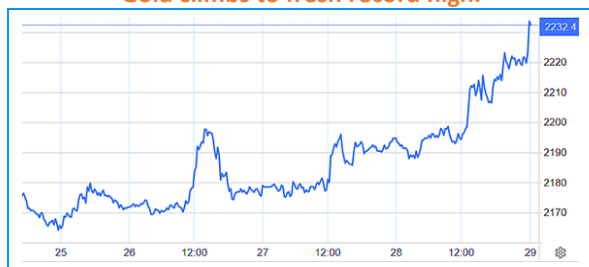
US S&P 500 retreats from all-time highs.



DXY ends week lower as traders bet on Fed cuts.



Gold climbs to fresh record high.



Week Ahead

This week, the US will capture investors' attention with its CPI inflation rate and FOMC minutes. Globally, interest rate decisions are on the agenda in the Eurozone, Canada, and New Zealand. In China, spotlight will be on consumer and producer prices, alongside trade data. Similarly, inflation rates will be announced in Mexico, Brazil, India, and Russia. Europe's focus will be also on Germany's foreign trade and industrial production, and the UK's February GDP reading and industrial production.