

US consumer momentum remains intact, as inflation continues to inch back down – albeit at a slower pace; Central Banks policy stances begin to shift; geopolitical tensions weigh on outlook.

Economic Update

Economy: US business activity and consumer spending fuel growth; Eurozone economic sentiment improves to a three-month high.

US: In February, durable goods orders rose more-than-expected by 1.4% m-o-m (c: 1.1%; p: -6.9%), signaling an early sign of revival in the manufacturing side of the economy.

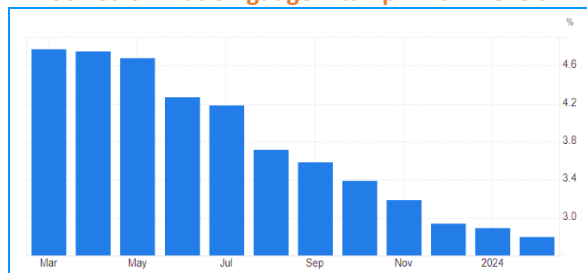
Orders for non-defense capital goods excluding aircraft – a closely watched proxy for business spending plans – increased above expectations to 0.7% (c: 0.1%; p: -0.4%) – suggesting manufacturing is regaining its footing after Fed’s rate hikes.

In February, the PCE price index edged up to 2.5% y-o-y (c: 2.5%; p: 2.4%).

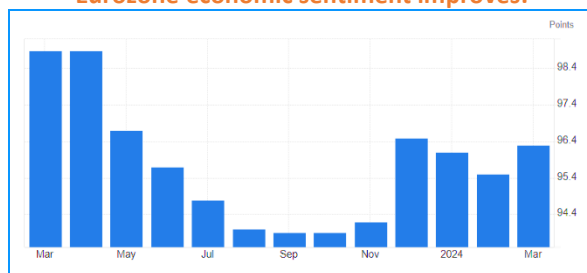
Meanwhile, monthly core-PCE inflation – the Fed’s preferred inflation gauge – slowed to 2.8% y-o-y (c: 2.8%; p: 2.9%), marking the lowest rate in three years.

Eurozone: In March, the economic sentiment indicator increased to a three-month high of 96.3 (c: 96.3; p: 95.5), as manufacturers’ confidence soared to its highest level since September 2023, and consumer confidence hit its strongest point since February 2022.

US Fed’s inflation gauge hits April 2021 levels.



Eurozone economic sentiment improves.



Market Update

Equities: Global stocks advance to close out a strong Q1, as bond yields fall.

US: The S&P 500 advanced (+0.4% w-o-w to 5,254), as the market’s advance was notably broad, with small-caps outperforming large-caps, and value share gained over its growth counterpart.

Eurozone: Equity markets gained (Eurostoxx 50, +1.0% w-o-w, to 5,083), amid continued support from the dovish turn for major central banks. Financial heavyweights led the gains, with BNP Paribas, UniCredit, BBKA, and ING all adding.

EMs: Equities rose (MSCI EMs, +0.4% w-o-w, to 1,043), while Chinese stocks pulled back (Shanghai Comp., -0.2% w-o-w, to 3,041), as concerns about the continuing property sector downturn weighed on investor confidence.

Fixed Income: US 10-year yield pulls back; German bund yield falls.

Global fixed incomes rose (BAML Global, +0.2% w-o-w to 266.9), and **UST yields** fell (-2bps, to 4.19%), as investors looked to the latest data and remarks from FOMC officials as they weighed the outlook for the economy.

In the Eurozone, the yield on the **German 10-year Bund** dropped (-3bps to 2.29%), after the ECB maintained a dovish stance, with board member Piero Cipollone expressing increasing confidence in inflation’s retreat to its 2% target by mid-2025.

FX: DXY strengthens after PCE data; EUR falls to over 1-month low.

The **DXY index** strengthened (+0.1%, to 104.546), as investors witness low-volume Good Friday session, and after PCE data did not surprise to the upside.

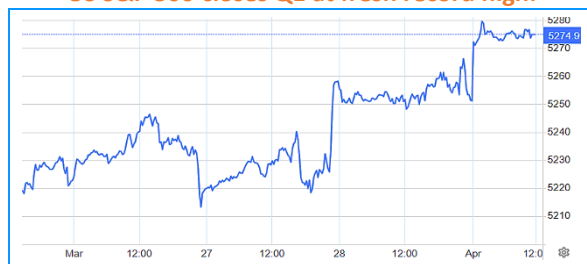
The **EUR/USD** weakened (-0.1%, to 1.079), amid speculation that the European Central Bank may cut interest rates sooner than other G-10 central banks.

Commodities: Brent rises ahead of OPEC+ meeting; Gold extends rally.

Oil prices were higher (**Brent**, +2.4% w-o-w, to 87.5 USD/b), amid ongoing efforts by the OPEC+ to curb supply, and persistent geopolitical risks in the Middle East.

Gold prices rose (+3.2% w-o-w, to 2,232 USD/Oz) hovering at all-time highs amid heightened geopolitical tensions that boosted safe-haven demand for bullion.

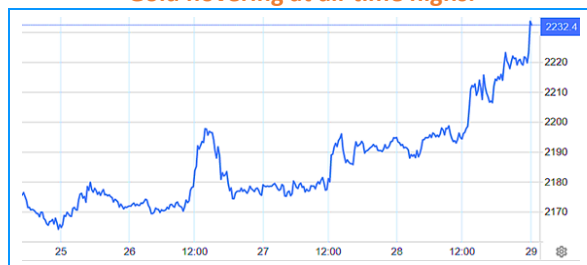
US S&P 500 closes Q1 at fresh record high.



DXY trends near 6-week high after PCE data.



Gold hovering at all-time highs.



Week Ahead

It will be a very busy week in the US, with investors focusing on the labor market report, featuring non-farm payrolls and the unemployment rate. Globally, market participants will keep a close eye on March’s inflation rates from the Eurozone, and Turkey. In addition, PMI data from China will be under scrutiny. Trade data from Canada, Brazil, and Australia will offer insights into the global trade dynamics. Moreover, the unemployment rate in the Eurozone, along with India’s interest rate decision, will influence market sentiment and investment decisions.