



- **Back to Magnificent 7? Tesla jumps after market on the promise of affordable cars** ([link](#))
- **Analysts see limited risk to inflation from higher commodity prices** ([link](#))
- **ECB “cannot pre-commit to a particular rate path”** ([link](#))
- **Data shows record yen shorts amid further speculation of currency intervention** ([link](#))
- **Bank of Indonesia surprises with a rate hike to stabilize the rupiah** ([link](#))
- **Hungary slowed the pace of interest rate cuts, in line with expectations** ([link](#))
- **Brazil’s central bank raises year-end 2024 and 2025 interest rate estimates** ([link](#))

[Mature Markets](#)











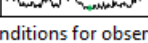
| [Emerging Markets](#)

| [Market Tables](#)

## Tech sector keeps rally going

**Stocks are set to rise for a third straight day on the back of strength in the tech sector.** While overall earnings news has been mixed, technology shares have continued to rise. The latest move is partly driven by Tesla’s release yesterday. Although the company significantly underperformed analyst earnings estimates, its announcement of a focus to more affordable cars sent the stock higher. That contrasts to disappointing earnings from luxury goods makers in Europe. The sector is underperforming despite an overall equity rally on the day. Elsewhere, markets continue to watch the Japanese yen closely as it hovers near the 155 per dollar level. Mitsuhiro Furusawa, a former vice minister for international affairs, argued in an interview that given the recent move, officials may be close to intervening. In emerging markets, expectations have been shifting toward a higher rate path for some major economies. This morning, the Bank of Indonesia surprised markets with a 25 bp hike, while Brazil’s central bank yesterday significantly raised its estimates for its end-2024 and end-2025 policy rate.

Key Global Financial Indicators

Last updated: 4/24/24 8:04 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		5071	1.2	0	-3	23	6
Eurostoxx 50		5026	0.4	2	0	14	11
Nikkei 225		38460	2.4	1	-5	34	15
MSCI EM		40	0.8	2	-1	4	1
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.64	3.7	5	44	115	76
Germany 10y Yield		2.56	5.5	9	23	5	53
EMBIG Sovereign Spread		338	-1	-10	-6	-152	-45
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		46.2	0.0	0	0	-8	-4
Dollar index, (+) = \$ appreciation		105.9	0.2	0	1	4	4
Brent Crude Oil (\$/barrel)		88.2	-0.3	1	3	7	14
VIX Index (% change in pp)		15.8	0.1	-2	3	-1	3

Colors denote **tightening**/**easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## Mature Markets

[back to top](#)

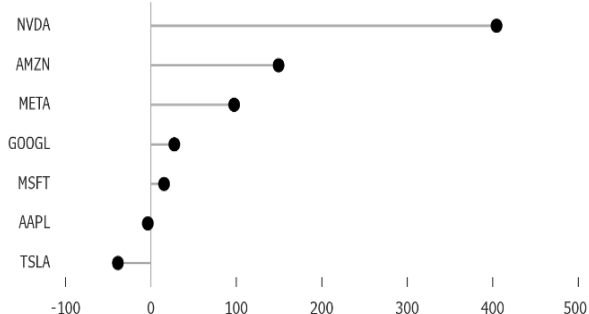
### United States

**Back to Magnificent 7? Tesla jumps after market on the promise of affordable cars.** Equity analysts from Bloomberg had argued that negative 1Q24 EPS estimates for Tesla and Apple would cut the Magnificent 7 down to 5. Aftermarket earnings release by the carmaker highlighted growing pains with the company missing consensus adj. EPS estimates by more than 20% (and revenues by close to 9%). Despite this, management guidance related to focusing on “accelerated launch of more affordable cars” led the stock to rally by around 8% in post-close trading. Spillovers into earnings sentiment for the broader S&P could continue to fuel the market rally (the S&P 500 has gained over 2% this week).

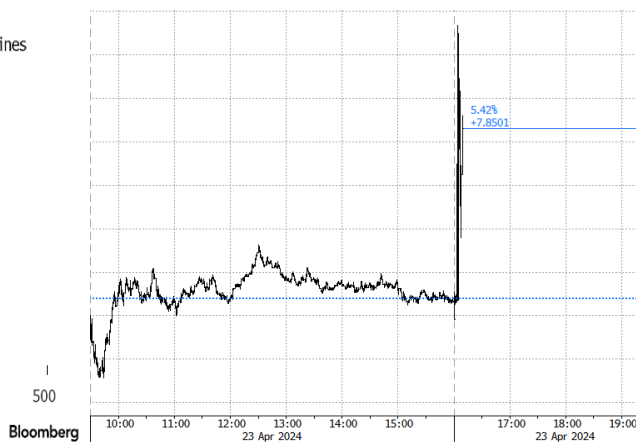
#### Magnificent Five?

Tesla, Apple are the only two members in the Mag 7 seen posting EPS declines

● 1Q EPS Growth Estimate



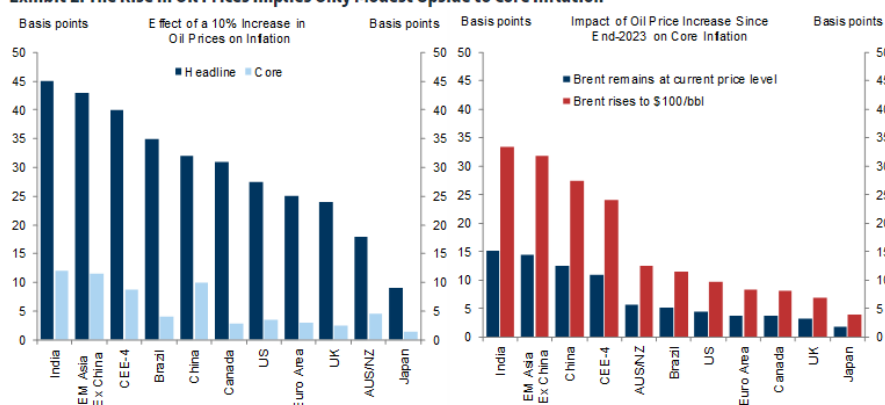
Source: Bloomberg Intelligence



Source: Bloomberg

**Analysts see limited risk to inflation from higher commodity prices.** Goldman Sachs sees little upside risk to global inflation from the recent increase in commodity prices. The GS commodity index has rallied by 10% year to date driven primarily by oil and copper prices. The analysts estimate the impact from the current oil price in the US is close to 30bp of upward pressure on headline inflation but only 4bp on core. A jump of the price of a barrel of Brent to over \$100 could more than double the shock to almost 10bp. Currently, US futures price in the first 25bp cut by September, with PCE numbers later in the week expected to give a first glimpse into the impact on inflation from higher energy costs.

**Exhibit 2: The Rise in Oil Prices Implies Only Modest Upside to Core Inflation**



## Euro Area

A more muted opening for stocks this morning following disappointing earnings from the banking and luxury goods sectors. **The STOXX 600 index was up 0.1% in early morning trading while 10y bund yields were also higher (+3bp)** The euro was marginally weaker against the dollar (-0.1%).

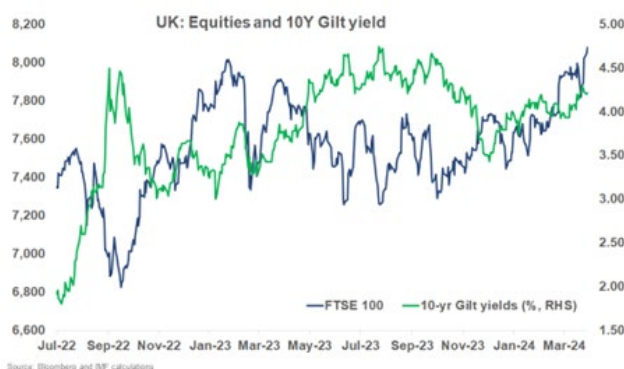
**ECB cannot pre-commit to a particular rate path.** Speaking at an event yesterday, Governing Council member Nagel said that while he would be in favor of a rate cut in June, “such a step would not necessarily be followed by a series of rate cuts.” Citing more persistent inflationary pressures in the services sector, Nagel said that he’s “not fully convinced yet” that price growth is heading towards the 2% target and therefore the ECB “must decide meeting by meeting and based on incoming data”. **Current market pricing shows an 87% likelihood of a June rate cut**, with around 74bp of easing priced in by the end of 2024, down from over 160bp of easing priced in for this year as of the end of 2023.

**German business sentiment as measured by the Ifo business survey reached a one-year high.** The Ifo expectations index advanced to 89.9 in April, (88.9 exp, 87.7 prior) with commentators noting that a stronger global economy and the prospect of rate cuts in the euro-zone are boosting activity in Europe’s largest economy. Meanwhile, Italian consumer confidence data for April came in below expectations at 95.2 (96.8 exp, 96.5 prior). There was limited immediate market reaction to the data. Separately, Fitch warns that Italy’s rising debt burden could lead to political tensions. Ahead of its scheduled sovereign credit rating assessment due next month, the rating agency noted that reduced fiscal space might complicate fiscal and economic policymaking and increase tensions within the coalition government. This morning, 10Y Italian BTP spreads over 10y German bunds were around 3bp wider to trade at 138bp.



## United Kingdom

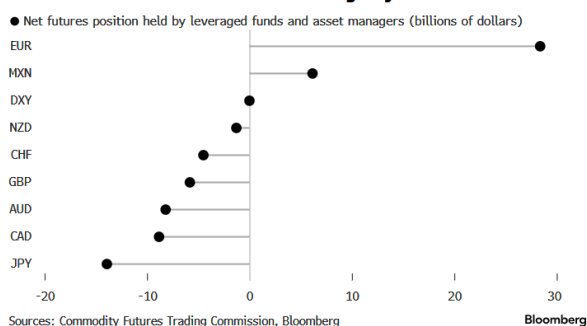
**FTSE 100 notches new record high.** UK equities have opened higher for a sixth consecutive day, buoyed by the materials sector, which was up 1.7% in early morning trading as iron ore prices hit a seven-week high pushing shares in iron-ore producer Rio Tinto 3.4% higher. The pound was a touch weaker (-0.1%) against the dollar to trade at 1.24. Elsewhere, the yield on 10Y gilts was 5bp higher on the day and is some 35bp higher this month reflecting uncertainty over the outlook for easing by the BoE this year. Markets have been steadily pushing back on the likely timing of the first BoE rate cut, with the first rate cut now fully priced in for August, although some economists continue to expect the first rate cut in June. **Markets are now pricing in around 50bp of rate cuts in 2024, compared to around 70bp expected at the start of April.**



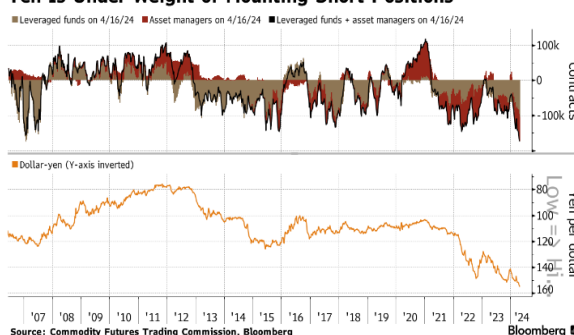
## Japan

**Yen short positions increased to the most on record according to CFTC data last week, amid further speculation of currency intervention.** Bets on yen weakness by leveraged funds and asset managers increased to more than 173,000 contracts through April 16, the most on record per CFTC data going back to 2006. It is also the biggest short position among nine major currencies, according to Bloomberg calculations. This makes the yen especially vulnerable to a snapback, particularly given the speculation that Japanese authorities may intervene to support the yen. Yesterday, there were more comments from prominent figures in Japan warning about the possibility of yen intervention. Mitsuhiro Furusawa—former vice minister of finance for international affairs and former IMF’s deputy managing director—said that “should this trend continue” Japan is “very close” to yen intervention. Also, Japanese business chief Masakazu Tokura remarked that the yen’s depreciation to the dollar has been excessive given economic fundamentals and that an “appropriate decision” should be made. The yen is trading near its weakest level in 34 years ahead of the BOJ’s monetary policy decision this Friday.

### Investors Are Most Bearish on Yen Among Major Currencies



### Yen Is Under Weight of Mounting Short Positions



## Emerging Markets

[back to top](#)

**EMEA equities were mostly higher today**, while currencies were weak. In CEE, the stock market was in the green in Hungary (+0.3%) and Czech Republic (+0.2%) but equities were lower in Poland (-0.4%). CEE currencies mostly weakened against the euro, in particular the Polish zloty (-0.2%). The Hungarian forint was stable against the euro as Hungary’s central bank lowered its policy rate yesterday by 50bp to 7.75%, in line with expectations. In South Africa equities were higher (+0.8%) while the rand was marginally weaker (-0.1%) against the dollar. In Türkiye equities rose (+1.1%), while the Turkish lira was stable against the dollar. **Latin American asset performance was generally mixed yesterday.** Currencies appreciated in Mexico (+1.1%), Brazil (+0.7%), and Colombia (+0.2%) but depreciated in Peru (-0.3%) and Chile (-0.1%). Equities in Chile (+1.5%) led the region while Argentina (-1.8%) underperformed.

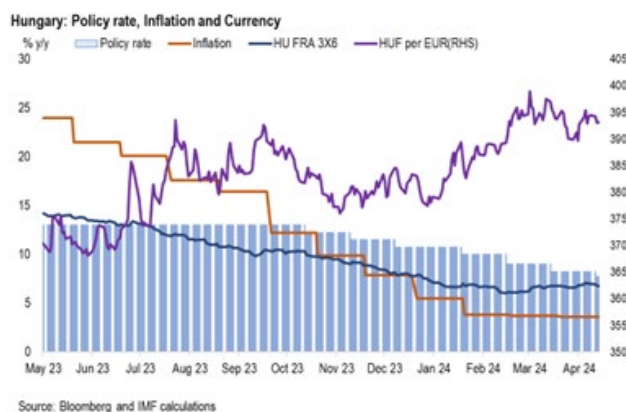
## Indonesia

The Indonesian rupiah strengthened 0.4% after the Bank Indonesia (BI) unexpectedly hiked its 7-day reverse repo rate by 25bp to 6.25% this morning. Only 11 of 41 of economists surveyed by Bloomberg had expected a hike. In a virtual briefing, governor Warjiyo said that global uncertainty has risen with the dollar strengthening and conflict in the Middle East, requiring an “anticipatory, forward-looking, and preemptive” policy response and to ensure that domestic inflation stays within its target of 1.5–3.5% in 2024 and 2025. BI also announced that it would continue to conduct market interventions and increase rates of open market operation instruments to attract foreign inflows and stabilize the rupiah. The rupiah is 2% weaker to the dollar month-to-date, with Bloomberg reporting that foreign funds have sold a net \$538 mn in Indonesian government bonds so far this month.



## Hungary

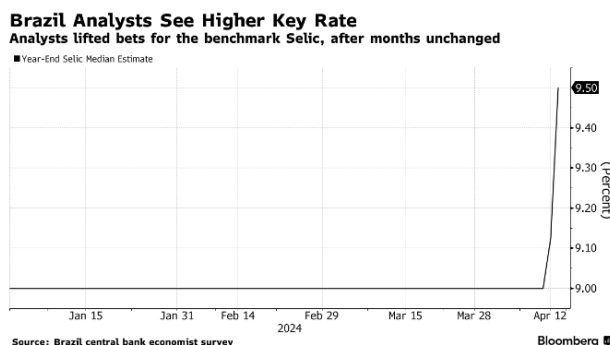
The Hungarian forint was stable against the euro today after the National Bank of Hungary (NBH) yesterday lowered interest rates by 50bp to 7.75%, in line with expectations. The NBH reduced the pace of easing as yesterday's cut compares with 75bp in March and 100bp in February. Deputy Governor Virág emphasized that the volatile risk environment warrants a cautious approach to monetary policy and that, while 6.5–7% policy rate expectations at the end of June still look realistic, the central bank is in “no rush”. In March, headline inflation marginally surprised on the upside, increasing by 3.6%y/y (3.5% estimate) from 3.7%y/y in February and core inflation was 4.4%y/y, down from 5.1%y/y in February. As inflationary pressure from services prices remains high and sticky, the NBH may have to focus on reducing imported inflation by preventing the forint from depreciating further in the future, as the currency has depreciated by 4.3% against the euro in the last 12 months. Analysts at Unicredit view yesterday's NBH decision and hawkish comments as anchoring the forint within a range of 390–400 against the euro. ING sees the policy interest rate at 7% by end June, and the rate unchanged until year-end as they expect inflation to stay in the 5.5–6% range in 2024.





## Brazil

**Brazil's central bank raised year-end 2024 and 2025 interest rate estimates.** Estimates from the central bank economist survey were raised to 9.5% and 9% from 9.13% and 8.5% for 2024 and 2025, respectively. Despite year-over-year CPI coming in lower than expected in March (3.93% vs 4.01%), inflation estimates for 2024 (3.73%) and 2025 (3.6%) remains above the central bank's 3% target. Uncertainty about the Fed's path of interest rates and geopolitical tensions could impact Brazil's easing cycle, according to analysts. The real (+0.7%) appreciated and spot rates increased along the short end of the curve following the survey.



*This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Nassira Abbas (Deputy Division Chief), Caio Ferreira (Deputy Division Chief) and Sheheryar Malik (Deputy Division Chief). Fabio Cortes (Senior Economist), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Financial Sector Expert-London Representative), Johannes S Kramer (Senior Financial Sector Expert-New York Representative), Benjamin Mosk (Senior Financial Sector Expert), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Mustafa Oguz Caylan (Research Officer), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Assistant), Deepali Gautam (Senior Research Officer), Phakawa Jeasakul (IMF Resident Representative in Hong Kong SAR), Harrison Kraus (Research Assistant), Yiran Li (Research Assistant), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Natalia Novikova (IMF Resident Representative in Singapore), Sonal Patel (Senior Financial Sector Expert-London Representative), Silvia Ramirez (Senior Financial Sector Expert), Ying Xu (Economist), Dmitry Yakovlev (Senior Research Officer), and Akihiko Yokoyama (Senior Financial Sector Expert). Javier Chang (Senior Administrative Coordinator), Lauren Kao (Administrative Coordinator), and Srujana Sammeta (Administrative Coordinator) are responsible for the word processing and production of this monitor.*

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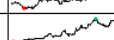





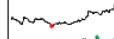



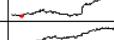
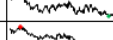

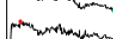








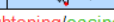
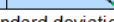

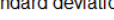
## Global Financial Indicators

4/24/24 8:04 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
<b>Equities</b>			%				%
United States		5089	1.2	1	-3	23	7
Europe		5026	0.4	2	0	14	11
Japan		38460	2.4	1	-5	34	15
China		3522	0.4	-1	0	-11	3
Asia Ex Japan		67	0.9	2	-1	1	1
Emerging Markets		40	0.8	2	-1	4	1
<b>Interest Rates</b>			basis points				
US 10y Yield		4.64	3.7	5	44	115	76
Germany 10y Yield		2.56	5.5	9	23	5	53
Japan 10y Yield		0.91	1.6	2	16	43	29
UK 10y Yield		4.31	6.4	4	38	52	77
<b>Credit Spreads</b>			basis points				
US Investment Grade		121	-0.3	-4	1	-38	-13
US High Yield		350	-3.6	-24	1	-129	-36
<b>Exchange Rates</b>			%				
USD/Majors		105.88	0.2	0	1	4	4
EUR/USD		1.07	-0.1	0	-1	-3	-3
USD/JPY		154.9	0.1	0	2	15	10
EM/USD		46.2	0.0	0	0	-8	-4
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		88.2	-0.3	1	4	13	15
Industrials Metals (index)		157	0.8	2	12	0	10
Agriculture (index)		60	0.0	1	1	-12	-4
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		15.8	0.1	-2.4	2.7	-1.1	3.4
Global FX Volatility		7.2	0.0	-0.5	0.2	-1.8	-0.9
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		105	-0.4	-3	0	-74	1
Italy		136	1.5	-8	4	-51	-31
Portugal		64	0.7	-6	-4	-19	0
Spain		78	0.9	-6	-5	-25	-19

Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations.  
Data source: Bloomberg.

## Emerging Market Financial Indicators

Last updated: 4/24/2024 8:05 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
	vs. USD		(+)= EM appreciation					% p.a.						
China		7.25	0.0	-0.1	0	-5	-2		2.3	3.5	0	-4	-82	-22
Indonesia		16155	0.4	0.4	-2	-7	-5		7.1	0.5	9	41	39	58
India		83	0.0	0.3	0	-2	0		7.6	1.0	9	32	21.9	34
Philippines		58	-0.1	-0.6	-2	-3	-4		5.7	5.0	10	25	-29	6
Thailand		37	-0.3	-0.9	-2	-7	-8		2.9	0.8	-3	32	31	17
Malaysia		4.78	0.1	0.3	-1	-7	-4		4.0	-0.3	0	12	#VALUE!	23
Argentina		873	-0.1	-0.5	-2	-75	-7		43.4	-198.8	25	-1494	-4637	-4302
Brazil		5.13	0.0	2.3	-3	-2	-5		11.6	-1.2	-21	57	-112	116
Chile		954	-0.1	2.8	3	-15	-8		5.3	0.0	-16	21	11	42
Colombia		3910	0.1	0.2	0	14	-1		8.3	0.0	-47	58	-32	70
Mexico		16.92	0.2	0.3	-1	6	0		9.4	0.0	-3	63	97	95
Peru		3.7	-0.3	1.3	0	1	0		7.3	0.1	-27	34	-15	62
Uruguay		38	0.3	1.6	-1	1	1		9.0	3.0	8	4	-116	-51
Hungary		368	-0.2	0.1	0	-7	-6		6.9	0.0	-23	48	-92	112
Poland		4.04	-0.3	0.6	-2	3	-3		5.4	0.7	-15	22	-19	88
Romania		4.7	-0.1	0.2	-1	-4	-3		6.5	-0.3	-2	15	-69	33
Russia		92.6	0.7	1.8	0	-12	-3							
South Africa		19.2	-0.4	-0.9	-2	-6	-4		10.1	5.5	1	48	70	103
Türkiye		32.52	0.1	-0.2	-1	-40	-9		28.9	2.0	90	252	1678	210
US (DXY, 5y UST)		106	0.2	-0.1	1	4	4		4.66	3.5	5	48	109	82

	Equity Markets							Bond Spreads on USD Debt (EMBIG)						
	Level		Change (in %)						Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD		Last 12m	Latest	7 Days	30 Days	12 M	
									basis points					
China		3522	0.4	-1	0	-11	3		145	3	-5	-48	-13	
Indonesia		7175	0.9	1	-3	5	-1		100	2	-1	-47	4	
India		73853	0.2	1	1	23	2		103	0	-4	-52	-13	
Philippines		6573	1.0	2	-4	0	2		86	1	-1	-35	6	
Thailand		1361	0.3	0	-1	-12	-4		0	0	0	0	0	
Malaysia		1571	0.6	2	2	10	8		83	0	-2	-16	-2	
Argentina		1245751	-1.8	4	1	316	34		1179	-203	-259	-1467	-734	
Brazil		125148	-0.3	1	-1	20	-7		214	-6	4	-58	-1	
Chile		6468	1.5	0	-1	22	4		116	0	-8	-24	-9	
Colombia		1348	0.3	0	1	10	13		296	-1	8	-108	25	
Mexico		56634	0.1	1	0	4	-1		306	-19	-8	-82	-28	
Peru		27902	0.5	2	-6	25	7		144	-2	7	-41	0	
Hungary		66132	0.3	0	1	51	9		149	4	-2	-81	0	
Poland		84324	-0.6	2	4	35	7		92	4	-5	9	-5	
Romania		16921	0.3	0	1	36	10		182	0	-4	-74	-19	
South Africa		74476	0.6	2	2	-5	-3		343	-15	-6	-79	35	
Türkiye		9690	0.5	1	6	93	30		281	-8	-24	-238	-33	
EM total		40	0.9	2	-1	4	1		283	-13	-14	-139	-62	

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

[back to top](#)