MARKET UPDATE

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Asian stocks fall as rate hike jitters mount

Most Asian stock markets retreated on Thursday, tracking a weak lead-in from Wall Street as fears of rising interest rates and slowing economic growth kept traders wary of risk-driven assets.

China's Shanghai Shenzhen CSI 300 and Shanghai Composite indexes were among the worst performers for the day, down about 0.6% and 0.7%, respectively.

Chinese markets took little support from the People's Bank of China keeping its benchmark lending rates at historic lows, even as the move points to more liquidity support for local stocks.

While data earlier this week showed that China's economy grew more than expected in the first quarter of 2023, growth was driven largely by a resurgence in consumption. The country's manufacturing sector, considered a bellwether for the economy, struggled to recover from a COVID-induced slowdown.

Hong Kong and China-listed stocks of electric carmakers also logged steep losses tracking Tesla Inc (NASDAQ:TSLA), which sank 6% after the close as the firm's quarterly profit margin missed expectations amid an escalating price war.

Oil falls amid demand concerns

Oil prices were down in Asian trade on Thursday as the U.S. dollar strengthened on rate-hike expectations and after recent economic data from the U.S. and China did not do enough to encourage expectations that demand will improve.

Brent crude futures lost 78 cents or 0.94% to trade at $82.34 a barrel. West Texas Intermediate crude (WTI) futures dropped 95 cents, or 1.20%, to $78.21 as of 0615 GMT.

Both benchmarks, declining for a second day after a 2% fall on Wednesday, are at their lowest since OPEC+ announced its surprise production cut on April 2.

"WTI crude is back below the $80 level and it could continue drifting lower if the strong dollar trade resumes," Edward Moya, senior market analyst at OANDA, said in a client note.

The U.S. dollar index has moved up around 0.40% over the course of this week. A strengthening greenback makes oil more expensive for holders of other currencies.

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Nokia profit misses forecast

Nokia on Thursday reported operating profit below market expectations for the first quarter and the Finnish company said it was seeing signs of customer spending slowing down.

However, it kept its full-year outlook unchanged and said it expects profitability in the second half of the year to be stronger than the first half.

First-quarter comparable operating profit fell to 479 million euros ($524.94 million) from 583 million euros last year, missing the 532.4 million euro forecast of analysts polled by Refinitiv.

Nokia (NYSE:NOK) and Ericsson (BS:ERICAs) have been depending on sales growth in India where telecom operators are building a new 5G network to offset a slowdown in high-margin markets such as the United States.

"What we are seeing in India at the moment is the fastest 5G rollout the world has ever seen," Nokia CEO Pekka Lundmark said in an interview.

India, where Nokia counts Reliance Jio and Bharti Airtel as customers, now account for 15% of its revenue.

Net sales grew 10% in the quarter to 5.86 billion euros, beating estimates of 5.72 billion euros, Nokia said.

Lundmark expects some recovery in the North American market in the second half of the year.

Comparable operating margin fell to 8.2% from 10.9%. It forecast margins of 11.5% to 14% for 2023.

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