

MARKET UPDATE

24/04/2023

Asia FX falls, dollar muted as rate hikes

Most Asian currencies retreated on Monday, while the dollar steadied ahead of a string of economic cues due this week, with the Federal Reserve's May meeting also coming into focus as markets braced for more interest rate hikes.

The dollar index and dollar index futures traded sideways on Monday after logging some gains last week, as a slew of Fed officials called for higher interest rates to curb inflation.

Focus this week is on the impact of said rate hikes on the U.S. economy, with first-quarter GDP data due on Thursday. The reading is expected to show that growth slowed from the prior quarter.

The PCE price index - the Fed's preferred inflation gauge - is also due later this week and is expected to show that inflation remained stubborn through March.

Credit Suisse saw \$68 billion in first-quarter outflows as it crumbled

Credit Suisse said on Monday it had 61 billion Swiss francs (\$68 billion) in net asset outflows in the first quarter, adding that outflows were continuing even in the wake of the 167-year-old institution's state-engineered rescue by UBS.

"These outflows have moderated but have not yet reversed as of April 24, 2023," Credit Suisse said.

It also said it had experienced significant withdrawals of cash deposits as well as non-renewal of maturing time deposits. Customer deposits declined by 67 billion Swiss francs in the first quarter.

The bank reported results for what is likely to be the last time, as its shotgun marriage with rival Swiss bank UBS is expected to be completed soon.

Assets managed by Credit Suisse's flagship wealth management division dropped to 502.5 billion francs at the end of March, compared to 707 billion reported for the same period last year.

Clients rapidly started pulling money from Credit Suisse after it was ensnared in market turmoil unleashed by the collapse of U.S. lenders Silicon Valley Bank and Signature Bank (OTC:SBNY).

European stock futures lower

European stock markets are expected to open in a subdued manner Monday, with investors cautious at the start of a week that includes key regional economic releases as well as big tech earnings on Wall Street.

The earnings season kicks into top gear this week, with the tech giants Alphabet (NASDAQ:GOOGL), Microsoft (NASDAQ:MSFT), Amazon (NASDAQ:AMZN) and Meta Platforms (NASDAQ:META) all due to report. This will be a key test for markets with investors on the lookout to see if strong gains in the tech sector so far this year are justified.

Some big-name European banks are due to report earnings in the coming week, including UBS (SIX:UBSG), Deutsche Bank (ETR:DBKGn), Santander (BME:SAN) and Barclays (LON:BARC).

The results are coming after what was a very turbulent first quarter for banks following the collapse of two regional U.S. lenders last month.

Additionally, Credit Suisse (SIX:CSGN) said on Monday it had CHF 61 billion (\$68 billion) in net asset outflows in the first quarter, adding that outflows were continuing even in the wake of the lender's acquisition by rival UBS.

Engineering giant Philips (AS:PHG) posted a wider loss in the first quarter after booking a \$630 million provision as part of a planned settlement in the U.S. over the recall of millions of devices that treat sleep apnea.

On the economic data front, the Eurozone is set to release advance data on first quarter GDP on Friday, while April inflation reports from the region's largest economies Germany, France and Spain are due out the same day.

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