



Asian Morning Briefing: U.S. Stocks Mixed

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MARKETS AT A GLANCE

(Data as of around 5 p.m. ET.)

	LAST	CHANGE	%CHG
DJIA	24099.05	-64.10	-0.27%
Nasdaq	7130.70	64.44	0.91%
S&P 500	2654.80	6.75	0.25%
Japan: Nikkei 225	22508.03	40.16	0.18%
Hang Seng	30808.45	527.78	1.74%
Shanghai Composite	3082.23	7.20	0.23%
S&P BSE Sensex	35160.36	190.66	0.55%
Australia: S&P/ASX	6015.20	32.50	0.54%
UK: FTSE 100	7520.36	11.06	0.15%

	PRICE CHG	YIELD%
U.S. 2 Year	-1/32	2.504
U.S. 5 Year	-1/32	2.811
U.S. 10 Year	-3/32	2.965
Australia 10 Year	4/32	2.767
China 10 Year	-7/32	3.673
India 10 Year	0/32	7.766
Japan 10 Year	5/32	0.041
German 10 Year	0/32	0.561

	LAST(MID)	CHANGE
Australia \$ (AUD/USD)	0.7491	0.0000
Yen (USD/JPY)	109.86	0.00
S. Korean Won (USD/KRW)	1073.67	0.19
Chinese Yuan (USD/CNY)	6.3333	0.0000
Euro (EUR/USD)	1.1993	0.0002
WSJ Dollar Index	86.12	-0.01

	LAST	CHANGE	% CHG
Crude Oil	67.50	-1.07	-1.56%
Brent Crude	73.29	-1.40	-1.87%
Gold	1304.6	-14.6	-1.11%

SNAPSHOT:

U.S. stocks were mixed, with the Dow industrials lower but paring some intraday losses. U.S. government bonds fell. The dollar surged to its highest level this year. Crude oil was lower on signs of higher U.S. production. And gold closed at its lowest level in two months.

OPENING CALL:

The sky is not falling on pricey console games, says MKM Partners, despite the success of the free-to-play hit "Fortnite." The investment firm points to the strong performance of recent releases that cost around \$60 such as Ubisoft's "Far Cry 5," Capcom's "Monster Hunter World" and Sony's PlayStation 4 exclusive "God of War." MKM also notes that major publishers could add "Fortnite"-like modes to their hit franchises, creating a more competitive market within the so-called battle royale genre come this fall. And since "Fortnite" players appear to skew young, MKM thinks its fans could soon graduate to bigger console games, and expanding the industry's overall revenue potential.

EQUITIES:

The Dow Jones Industrial Average slumped but pared most of its losses as investors weighed global trade negotiations, central bank moves and the latest round of corporate earnings and manufacturing data.

The blue-chip index, which declined for a third straight session, tumbled as much as 355 points in midday trading, pressured by falling shares of Pfizer and Merck. But it bounced back to end the day down 64 points, or 0.3%, to 24099.

The S&P 500 added 0.3%, and the technology-heavy Nasdaq Composite rose 0.9%.

The major indexes eked out small gains in April on the back of strong corporate earnings after being rocked by a bout of volatility earlier in the year. First-quarter earnings have largely topped expectations, but investors haven't rewarded beats at the same pace as in recent quarters.

Shares of Pfizer fell 3.3% after the pharmaceutical giant reported revenue that fell short of estimates. McDonald's dropped 2.4%, giving back some of the prior session's gains, after reporting on Monday global sales and profit growth in the first quarter that were overshadowed by a decline in U.S. customer visits.

Earlier in the day, Asia-Pacific equities turned higher, as earnings season for the banking sector began.

Most markets in the region were closed for the Labor Day holiday.

In Japan, the Nikkei Stock Average reversed modest early declines to end up 0.2%. Hitachi gained 6% and SoftBank added 0.7% after reporting earnings.

The Japanese benchmark index was helped by a weaker yen.

The stock moves came as U.S. President Donald Trump gave the European Union and some nations outside the bloc more time to negotiate deals that would exempt them from U.S. steel and aluminum tariffs. The tariffs are already in effect against China, Japan, Russia and others. U.S. and Chinese officials are meeting later this week to discuss trade.

Geopolitical uncertainty, combined with holiday-thinned trading, will keep market participants cautious and "ever so vigilant," said Stephen Innes, senior trader with Oanda.

FOREX:

The U.S. dollar surged to its highest level this year after recent economic data signaled stronger growth in the U.S. than other developed nations.

The WSJ Dollar Index, which measures the currency against a basket of 16 others, rose 0.6% to 86.13, its highest since Dec. 28. The currency rose broadly, gaining 0.7% against the euro to \$1.1992, 0.5% versus the Japanese yen to ¥109.86 per dollar and 1.1% versus the British pound to \$1.3612.

The dollar has been buoyed by an array of strong economic data, which has contributed to investors' expectations for the Federal Reserve to raise interest rates four times in 2018. Fed funds futures late in the day showed the market sees a 49% likelihood for fourth rate increases, up from 32% a month ago, according to CME Group data.

"If you look at monetary policy expectations outside the U.S., they've shifted" and become less aggressive, said Eric Viloria, a currency strategist at Wells Fargo Securities. That, combined with stronger U.S. data has been "contributing to some of the dollar strength."

BONDS:

U.S. government bond prices fell, as investors awaited new insight into the Treasury Department's debt-issuance plans.

The yield on the benchmark 10-year U.S. Treasury note settled at 2.976%, compared with 2.936% Monday.

Yields, which rise when bond prices fall, have slipped since the middle of last week when the 10-year yield briefly surpassed 3%.

Many analysts expect yields to keep rising in the coming months as long as the Federal Reserve sticks to its plan of at least three interest-rate increases this year. Many, however, also anticipate bumps along the road as higher yields periodically attract waves of buying.

Along with rising interest rates, Treasury yields have also been kept aloft recently by an expanding federal budget deficit.

COMMODITIES:

Oil prices declined on signs of rising U.S. crude production and stockpiles, despite uncertainty about whether the U.S. will pull out of the Iran nuclear deal.

"Prices have been unable to build on the large gains made" on Monday, which were tied to "increased concerns over the potential restriction of Iranian oil exports after Israeli Prime Minister Benjamin Netanyahu accused Tehran of having a secret plan to build nuclear weapons," said Fawad Razaqzada, technical analyst at Forex.com. The U.S. has until May 12 to decide whether to extend sanction waivers on Iran under a deal that was aimed at curbing Tehran's nuclear activities.

"Make no mistake about it, Iran is a major oil player - the world's fifth and [the Organization of the Petroleum Exporting Countries] third largest producer - and what the U.S. decides will have a big impact on prices," he said, though adding that most of the risks of Trump revoking the nuclear accord are already priced into oil.

June West Texas Intermediate crude oil dropped by \$1.32, or 1.9%, to settle at \$67.25 a barrel on the New York Mercantile Exchange, for the lowest finish since April 17. The U.S. contract scored a 5.6% monthly advance, based on the most-active contract, in April.

July Brent, the international benchmark, fell \$1.56, or 2.1%, to \$73.13 a barrel on ICE Futures Europe, also the lowest settlement in about two weeks. The contract rose 7.7% in April.

Meanwhile, gold prices fell for a second straight session to settle at their lowest in two months.

Strength in the U.S. dollar and gains in U.S. Treasury yields dulled investment demand for the precious metal ahead of the Federal Reserve's monetary policy decision due Wednesday. June gold declined by \$12.40, or 0.9%, to settle at \$1,306.80 an ounce - the lowest for a most-active contract since March 1.

TOP STORIES OF THE DAY:

Apple Adds \$100 Billion to Buyback Plans

Apple said it would spend an additional \$100 billion on stock buybacks, ramping up its payout to shareholders as its core iPhone business continued to generate healthy growth in the latest quarter despite analysts' concerns about sputtering demand.

Slackening Demand for Traditional Cars Hurts Auto Makers

Auto sales slowed in April amid a continued decline in demand for sedans and compact cars, setting a somber tone as auto makers head into the important summer selling season.

Facebook's Boldest Privacy Tool Is on Tap

Facebook will enable users to see and control data it receives about them from outside apps and websites that use the company's ads and analytics tool.

Snap's Results Fall Short of Expectations

Shares drop as revenue disappoints, and Snapchat redesign seems to have little effect on user growth.

Growing Appetite in Emerging Markets Fuels Mondelez's Results

Mondelez International said it sold more biscuits and chocolate in emerging markets in the latest quarter, demonstrating the growing appetite for snacks around the world.

Goldman Sachs to Pay \$110 Million to Settle Forex Case

Foreign exchange traders hurt clients by sharing information about their market positions with rivals, Fed and New York regulators say.

T-Mobile Rings Up Subscriber Growth

T-Mobile US added customers across its business in the latest quarter and raised its subscriber growth target for the year, showing how the company continues to boost revenue.

Tariff Uncertainties Rattle Steel, Aluminum Producers

Shares in U.S. steel producers fell after the Trump administration pushed back a deadline to impose tariffs on imports of steel and aluminum from some U.S. allies.

Trump Trade Chief Wants Nafta Deal by Mid-May

Robert Lighthizer's timeline is about getting a revised pact to a vote in Congress by the end of 2018.

Former Fed Vice Chair Is Worried About Politics, Not The Economy

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A deteriorating global political and strategic environment, and not the economic outlook, is what's keeping Stanley Fischer up at night.

RECENT DJ EXCLUSIVES:

Peter Thiel-Backed Venture to Help Big Investors Bet on Bitcoin

AllianceBernstein Holding LP to Move Headquarters and Most Staff to Nashville From New York

TODAY'S CALENDAR

All times in GMT; N/A = not available

Wednesday, May 2, 2018

0030	Indonesia	April	Indonesia Manufacturing PMI
0030	Japan	April	Japan Services PMI
0030	Malaysia	April	Malaysia Manufacturing PMI
0030	Philippines	April	Philippines Manufacturing PMI
0030	South Korea	April	South Korea Manufacturing PMI
0030	Taiwan	April	Taiwan Manufacturing PMI
0030	Thailand	April	Thailand Manufacturing PMI
0030	Vietnam	April	Vietnam Manufacturing PMI
0145	China	April	China Manufacturing PMI
0200	Taiwan	April	CIER PMI
0400	Indonesia	April	CPI
0500	Japan	April	Consumer Confidence Survey
0700	Germany	Q2	Ifo Economic Climate for the Euro Area
0700	U. K.		EU Ambassador to the U.S. David O'Sullivan gives talk
0745	Italy	April	Italy Manufacturing PMI
0750	France	April	France Manufacturing PMI
0755	Germany	April	Germany Manufacturing PMI
0800	Italy	March	Unemployment
0800	E. U.	April	Eurozone Manufacturing PMI
0830	U. K.	April	Narrow money (Notes & Coin) and reserve balances
0830	U. K.	April	CIPS / Markit Construction PMI
0900	E. U.	Q1	Preliminary Flash Estimate GDP
0900	E. U.	March	Unemployment
0900	Italy	Q1	GDP preliminary estimate
1100	U. S.	04/27	MBA Weekly Mortgage Applications Survey
1215	U. S.	April	ADP National Employment Report

1230	U. S.		U. S. Department of the Treasury's quarterly
	refunding		announcement
1300	Singapore	April	Singapore Purchasing Managers' Index (PMI)
1345	U. S.	April	ISM-NY Report on Business
1400	U. S.	April	Online Help Wanted Index
1400	U. S.	March	Metropolitan Area Employment & Unemployment
1430	U. S.	04/27	EIA Weekly Petroleum Status Report
1500	U. S.	April	Global Manufacturing PMI
1600	Germany		Bundesbank President Jens Weidmann lecture at the
	Center		
			for European Economic Research
1800	U. S.		U. S. interest rate decision
1800	U. S.		SEC Chairman Jay Clayton presentation at Temple
	University		
2230	Australia	April	Australian PSI
	N/A Philippines		ASEAN Plus Three Finance Ministers and Central
	Bank		
			Governors Meetings
	N/A Australia		French President Emmanuel Macron continues his
	visit to		
			Australia
	N/A Hong Kong	March	Tourism figures
	N/A Indonesia		Indonesia: May Day. Financial markets closed
	N/A South Korea		South Korean financial markets closed on Labour
	Day		
	N/A Taiwan		Taiwan: Labour Day. Financial markets closed
	N/A Malaysia		Malaysia: Labour Day. Financial markets closed
	N/A Cambodia		Cambodia: Labour Day
	N/A Thailand		Thailand: Labour Day. Financial markets closed
	N/A Hong Kong		Hong Kong: Labour Day. Financial markets closed
	N/A China		China: Labour Day. Financial markets closed
	N/A Australia		Australian PM hosts French President Emmanuel
	Macron		
	N/A Laos		Laos: Labour Day
	N/A Australia		Northern Territory State Budget presentation
	N/A Philippines		Philippines: Labour Day. Financial markets closed
	N/A Singapore		Singapore: Labour Day. Financial markets closed
	N/A Vietnam		Vietnam: Labour Day. Financial markets closed
	N/A Australia		Victoria State Budget
	N/A U. S.		U. S. Federal Open Market Committee meeting
	N/A France		France: Labour Day. Financial markets closed
	N/A Germany		Germany: Labour Day. Financial markets closed
	N/A Italy		Italy: Labour Day. Financial markets closed
	N/A U. K.		FT-Fitch Global Banking Conference. Speakers
	include		
			Sveriges Riksbank Governor Stefan Ingves
	N/A Germany		German Chancellor Angela Merkel meets Slovakian PM
	Peter		
			Pellegrini
	N/A Canada		Canadian Prime Minister Justin Trudeau hosts
	Portuguese		
			counterpart
	N/A U. K.		WTO Director-General Roberto Azevedo visits London

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