



Date: 6<sup>th</sup> January 2024

## Global Market – In focus – U.S. Economic data & Geo-political tension

In last two weeks, we have covered all the key events of 2023 month wise briefly. We believe that rally which was seen in global market in December 2023 was year end rally which was built-up on the hope of interest rate peaked out, but sooner or later market need confirmation on interest rate heading downward or corporate earnings to support market rally.

This week will on U.S. economic data and geopolitical tension as corporate earnings will start from next week. So next week we will review corporate earnings of global companies and its impact on global as well as Indian market.

### U.S. Economic data

Date	Currency		Actual	Forecast	Previous
Wed Jan 3	USD	FOMC Member Barkin Speaks			
	USD	ISM Manufacturing PMI	47.4	47.2	46.7
	USD	JOLTS Job Openings	8.79M	8.84M	8.85M
	USD	ISM Manufacturing Prices	45.2	49.5	49.9
Thu Jan 4	USD	FOMC Meeting Minutes			
	EUR	German Prelim CPI m/m	0.10%	0.20%	-0.40%
	USD	ADP Non-Farm Employment Change	164K	120K	101K
	USD	Unemployment Claims	202K	217K	220K
Fri Jan 5	GBP	Construction PMI	46.8	46.1	45.5
	EUR	Core CPI Flash Estimate y/y	3.40%	3.40%	3.60%
	EUR	CPI Flash Estimate y/y	2.90%	3.00%	2.40%
	USD	Average Hourly Earnings m/m	0.40%	0.30%	0.40%
	USD	Non-Farm Employment Change	216K	168K	173K
	USD	Unemployment Rate	3.70%	3.80%	3.70%

Now let us focus on the data released this week. Most of the jobs data indicate strong economy, JOLTS Jobs opening came in-line with estimate while average hourly earnings were up by 0.40% Vs estimate of 0.30%. Non-farm employment change came at 216k Vs estimate of 168k.

Market trend remains unclear as rally seen in December 2023 was on narrative of interest rate could starting declining earlier then estimate. Strong economic data would mean the rate could stay at higher level for some more time. US FOMC meeting minutes released this week also failed to provide clear trend and incoming data would be important to watch out for.



### **Geo-political tension – Red Sea Crisis**

Freight costs, including surcharges, have increased by over 500% amid the Red Sea crisis as shipping companies were forced to take the longer route via Cape of Good Hope, according to the Federation of Indian Export Organizations.

"In the last few days, the situation has deteriorated," Chief Executive Officer of FIEO Ajay Sahai told NDTV Profit in an interview on Friday. "It is definitely a huge setback to the entire EXIM (export-import) trade."

It does have global impact on Crude oil and transportation cost has increased. So far recent event do have very little impact of crude oil prices, but continued geo-political tension could impact global market negatively.

### **Equichain Wealth Advisors: Market View & Opinion**

We see now market will focus on US CPI & Core CPI inflation data due next week and earnings season which is expected to start next week. US Market in December 2023 rallied from 3.81% to 4.94% on major indices will now need positive trigger from corporate earnings.

**We would focus on corporate earnings where major US Banks are due to announce their earnings next week. As we have seen economic data is U.S. continues to be strong will result in positive surprise in corporate earnings. We see market going into result season with positive build and any disappointment could trigger profit booking and correction in market.**

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