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Top News* Hermes Defies Luxury Slowdown With Sales Jump in China

Hermes saw Chinese buyers snap up its luxury products as the Kelly bag maker showed its resilience amid a broader slowdown in demand for the sector.

Sales at constant exchange rates jumped 17% to €3.8 billion (\$4.1 billion) in the first quarter, Hermes International SCA said Thursday. This was more than analysts expected.

The shares rose as much as 1.3% in Paris before reversing those gains as investors saw signs that Hermes might not be immune to the slowdown seen by rivals. The stock is still up by more than a fifth this year, beating LVMH Moët Hennessy Louis Vuitton SE and Gucci owner Kering SA.

Hermes typically caters to the most affluent customers which makes it more resilient in a challenging luxury goods market. Its fortunes contrast with the challenges at Kering, which is seeking to turn around its biggest brand Gucci – efforts that are taking time to bear fruit.

Hermes' revenue in its key Asia Pacific market, excluding Japan, jumped 14% to €1.92 billion in the period, while its crucial leather goods and saddlery division grew by 20%, both better than estimates.

Hermes saw softer traffic in Greater China in March after the Chinese New Year with a "slight erosion" of customers buying more affordable products such as its silk scarves. But that was compensated by shoppers splurging on its more expensive leather, ready-to-wear and jewelry goods, Chief Financial Officer Eric du Halgouet told reporters on a call.

The slowdown in sales of more affordable products, such as perfumes, is being taken by some investors as a sign that Hermes may yet suffer from pressure on the middle-income consumer globally, Morgan Stanley analyst Edouard Aubin wrote in a note.

Market News APAC

- China's overseas investment is heading for an eight-year high as its dominant firms build more factories abroad, a shift that could soften criticism of Beijing's export drive. Chinese companies made 243 billion yuan (\$33.5 billion) in foreign direct investments from January to March, data released last week showed. That was the highest first-quarter figure since 2016 – before a crackdown on capital outflows -- and up almost 13% from a year earlier.
- BHP falls as much as 4.7% in Sydney, the most since Sept. 7, after the miner proposed a takeover of Anglo American that valued its smaller rival at about \$39 billion. The relatively high risk of an interloper and the potential for Anglo shareholders to spurn the deal mean that BHP may need to increase the total consideration, JPMorgan analyst Lyndon Fagan writes in a note.

Indices Asia	Last	Change	YTD
Nikkei225	37780.35	0.40%	13.00%
KOSPI Comp	2653.36	0.94%	0.14%
S&P/ASX200	7583.80	-1.29%	-0.10%
Hang Seng	17558.59	1.59%	3.04%
Shanghai Comp.	3073.72	0.68%	3.00%
TWSE Taiwan	20130.19	1.37%	12.71%
MSCI Singapore	1423.14	0.00%	6.35%
MSCI Malaysia	491.38	0.00%	6.33%
JCI Indonesia*	7105.10	-0.70%	-2.06%
SET Thailand*	1364.27	0.23%	-3.64%
PCOMP Philippines*	6552.93	-0.33%	1.73%
VN-Index*	1203.56	-0.12%	6.64%
Sensex India*	74339.44	0.66%	2.91%

*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	38085.80	-0.98%	1.05%
S&P500	5048.42	-0.46%	5.84%
Nasdaq100	17430.50	-0.55%	3.59%
VIX	15.37	-3.76%	23.45%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	4939.01	-1.02%	9.24%
SMI	11260.61	-0.97%	1.10%
DAX	17917.28	-0.95%	6.96%
MSCI UK	8222.00	1.07%	3.97%
CAC40	8016.65	-0.93%	6.28%

Currencies	Last	Change	YTD
USD/CHF	0.9134	0.13%	-7.84%
EUR/USD	1.0720	-0.09%	-2.83%
GBP/USD	1.2499	-0.12%	-1.76%
USD/JPY	155.5700	-0.05%	-9.36%
AUD/USD	0.6521	0.05%	-4.14%
NZD/USD	0.5959	0.18%	-5.57%
USD/KRW	1376.5600	0.16%	-6.11%
USD/HKD	7.8301	0.03%	-0.23%
USD/SGD	1.3606	0.12%	-2.91%
USD/THB	37.0150	-0.04%	-7.45%
USD/IDR	16227.5000	0.25%	-5.01%
USD/INR	83.3250	0.01%	-0.14%
USD/PHP	57.8440	0.09%	-4.24%
USD/TWD	32.5640	-0.07%	-6.11%
USD/CNH	7.2609	0.08%	-1.82%

Treasury	Yield	Change	YTD
US10Y	4.70	-0.01%	21.11%
EUR10Y	2.63	0.04%	30.06%
JGB10Y	0.93	0.03%	52.55%
AUD10Y	4.54	0.13%	14.85%
NZD10Y	4.99	0.08%	0.38%
CNY10Y	2.26	0.00%	N.A.

Commodities	Last	Change	YTD
Gold	2332.98	0.02%	13.22%
Silver	27.40	-0.11%	15.49%
Brent Crude Oil	89.31	0.34%	16.52%

Singapore Time: 10:50:25 AM

What to Watch*

- Anglo's Stumbles Have Made It Prey for Mining's Biggest Predator
- Beaten-Down Lithium Still Lures Billions In Australia Stronghold
- Pricey Coffee Here to Stay as Hoarding, Heat Hit Vietnam Supply
- Tokyo Inflation Slows Sharply on Education Subsidy Impact
- Cnooc Posts Record Profit as Output Expands to All-Time High
- Hong Kong Bourse Regains Favor on Hopes of a Market Revival
- Fujitsu Shares Sink Most Since 2022 After OP Misses Estimates
- NetEase China Video-Game Growth to Moderate as Industry Matures

Market News EU & US

- Microsoft Corp.'s quarterly sales and profit climbed more than projected, lifted by corporate demand for the software maker's cloud and artificial intelligence offerings. Revenue in the third quarter, which ended March 31, rose 17% to \$61.9 billion, while profit was \$2.94 a share, the company said in a statement Thursday. Analysts on average estimated per-share earnings of \$2.83 on sales of \$60.9 billion. The shares jumped in late trading. Chief Executive Officer Satya Nadella has been infusing Microsoft's entire product line with AI technology from partner OpenAI. The bet is starting to pay off, with some customers adding AI tools that summarize documents and generate content or signing up for Azure cloud subscriptions featuring OpenAI products. Azure revenue gained 31% in the quarter, above an average prediction of 29% and picking up slightly from the 30% growth in the previous period. About 7% of that increase was attributable to AI, compared with 6% in the prior quarter. Nadella told analysts on a conference call that Azure took market share from rivals, without specifying. More than 65% of Fortune 500 companies are using Azure OpenAI, the cloud service that lets customers access OpenAI's latest technology. Microsoft's shares gained about 5% in late trading. They had closed at \$399.04 in New York. The stock climbed 12% in the March quarter on optimism that the company's early lead in releasing generative AI products would boost sales.
- Airbus SE will further increase production of its advanced A350 widebody jet as the planemaker benefits from surging demand and as arch-rival Boeing Co. remains absorbed in a crisis of confidence. The European planemaker is moving to a rate of 12 A350 jets a month by 2028, superseding previous plans to

reach 10 by 2026, it said as it reported figures for the first quarter. Earnings before interest and tax reached €577 million (\$619 million), missing the €814 million forecast by analysts in a Bloomberg survey, amid higher costs. The company had a cash outflow of €1.79 billion because of higher inventory created in preparation for increased production, as well as supply-chain issues. Revenue rose to €12.8 billion, and Airbus reiterated its guidance issued in February. Airbus has enjoyed a smoother start to the year than Boeing, which has been mired in crisis following a near-catastrophic accident early in January. As a result, the US planemaker has taken up much of the public attention in the global planemaking duopoly, while Airbus has quietly pressed its advantage, picking off orders from Boeing loyalists clamoring for more planes. Still, Airbus continues to struggle with a supply chain that remains constrained, at a time when the manufacturer is ramping up production to satisfy soaring demand.

Overnight News

- Alphabet Beats Revenue Estimates as AI Fuels Cloud Growth
- Billionaire Ross Stakes His Legacy on Florida's Epic Wealth Boom
- Tesla Pushes Back on Investor's Latest Move in Musk Pay Row
- Finance Firm Marex Shares Tread Water After \$292 Million IPO
- UAE Deal to Create Chemicals Giant Delayed by Austria Elections

Earnings Releases (Source: Bloomberg)

- Canon Inc. (7751 JP)
- Fanuc Corp. (6954 JP)
- Hitachi Construction Machinery (6305 JP)
- Shin-Etsu Polymer Co. (7970 JP)
- Great Wall Motor Co. (2333 HK)
- Hong Kong Exchanges & Clearing (388 HK)
- Prada SpA (1913 HK)
- Mapletree Pan Asia Commercial (MPACT SP)
- United Microelectronics Corp. (2303 TT)

Rating Changes (Source: Bloomberg)

- Global Unichip Raised to Buy at Citi; PT NT\$1,500
- STO Express Raised to Neutral at JPMorgan; PT 10 yuan
- Xuji Electric Co Ltd Raised to Overweight at JPMorgan
- Yue Yuen Raised to Buy at CLSA; PT HK\$14.90
- Hangcha Group Cut to Hold at HSBC; PT 28.40 yuan
- Hexing Electrical Cut to Neutral at JPMorgan; PT 45 yuan
- NARI Tech Cut to Neutral at JPMorgan; PT 22 yuan
- Tongwei Cut to Hold at Daiwa; PT 21 yuan

* Numbers and values in the tables were extracted later than, and may therefore vary from, the number and values mentioned in the news extracts.

- JD Logistics Reinstated Buy at Goldman
- Nien Made Rated New Buy at Citi; PT NT\$450
- Zhejiang Changsheng Rated New Outperform at CICC; PT 21.05 yuan
- Zhuzhou CRRC H Shares Reinstated Buy at CLSA; PT HK\$36
- AirAsia X Raised to Buy at Maybank; PT MYR1.52
- Nanofilm Technologies International Raised to Neutral at Macquarie; PT 59 Singapore cents
- Sido Muncul Raised to Accumulate at CLSA; PT IDR800
- Unilever Indonesia Raised to Neutral at JPMorgan; PT IDR2,400
- ViTrox Cut to Hold at UOB Kay Hian; PT MYR8.10

Key Economic Event for this Asia-Pacific Week (Last Update on 22 April 2024)

Time	SG/Country	Event	For	Survey	Prior
Monday, 23 Apr 2024					
9:15	CH	5-Year Loan Prime Rate	22-Apr	3.95%	3.95%
9:15	CH	1-Year Loan Prime Rate	22-Apr	3.45%	3.45%
12:00	ID	Trade Balance	Mar	\$1225m	\$867m
12:00	ID	Exports YoY	Mar	-10.73%	-9.45%
12:00	ID	Imports YoY	Mar	-5.00%	15.84%
16:00	TA	Unemployment Rate	Mar	3.40%	3.40%
16:00	TA	Export Orders YoY	Mar	4.00%	-10.40%
Tuesday, 24 Apr 2024					
13:00	SI	CPI YoY	Mar	3.10%	3.40%
13:00	SI	CPI NSA MoM	Mar	--	1.00%
13:00	SI	CPI Core YoY	Mar	3.40%	3.60%
16:00	TA	Industrial Production YoY	Mar	7.50%	-1.10%
16:30	HK	CPI Composite YoY	Mar	2.10%	2.10%
Wednesday, 25 Apr 2024					
6:45	NZ	Exports NZD	Mar	--	5.89b
6:45	NZ	Trade Balance NZD	Mar	--	-218m
6:45	NZ	Trade Balance 12 Mth YTD NZD	Mar	--	-11991m
6:45	NZ	Imports NZD	Mar	--	6.11b
7:50	JN	PPI Services YoY	Mar	2.10%	2.10%
9:30	AU	CPI YoY	Mar	3.40%	3.40%
9:30	AU	CPI QoQ	1Q	0.80%	0.60%
9:30	AU	CPI YoY	1Q	3.50%	4.10%
30-Apr	TH	Customs Imports YoY	Mar	6.00%	3.20%
30-Apr	TH	Customs Exports YoY	Mar	-4.00%	3.60%
30-Apr	TH	Customs Trade Balance	Mar	\$1000m	-\$554m
Thursday, 26 Apr 2024					
(Exchange Holidays: Australia, New Zealand)					
12:00	MA	CPI YoY	Mar	2.00%	1.80%
13:00	JN	Leading Index CI	Feb F	--	111.8
13:00	JN	Coincident Index	Feb F	--	110.9
13:30	JN	Nationwide Dept Sales YoY	Mar	--	14.00%
13:30	JN	Tokyo Dept Store Sales YoY	Mar	--	18.50%
16:30	HK	Exports YoY	Mar	2.90%	-0.80%
16:30	HK	Imports YoY	Mar	3.30%	-1.80%
16:30	HK	Trade Balance HKD	Mar	-45.6b	-41.7b
Friday, 27 Apr 2024					
7:30	JN	Tokyo CPI YoY	Apr	2.50%	2.60%
7:30	JN	Tokyo CPI Ex-Fresh Food YoY	Apr	2.20%	2.40%
7:30	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Apr	2.70%	2.90%
9:30	AU	PPI YoY	1Q	--	4.10%

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9:30	AU	PPI QoQ	1Q	--	0.90%
9:30	AU	Import Price Index QoQ	1Q	0.10%	1.10%
9:30	AU	Export Price Index QoQ	1Q	-0.60%	5.60%
13:00	SI	Industrial Production YoY	Mar	-1.00%	3.80%
13:00	SI	Industrial Production SA MoM	Mar	-8.80%	14.20%

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