US TREASURY Secretary Janet Yellen said a reduction in gasoline prices from last year's peaks had helped limit inflation.

FEDERAL RESERVE

OPEC+ move bad for global growth outlook, says Yellen

NEW HAVEN, Conn. — US Treasury Secretary Janet Yellen on Monday said a surprise OPEC+ (Organization of the Petroleum Exporting Countries Plus) oil production cut is an "unconstructive act" that will add uncertainty to the global growth outlook and to burdens on consumers at a time of high inflation.

"I think it's a regrettable action that OPEC decided to take," Ms. Yellen told reporters, adding it was too early to assess what the price impact would be.

"I think it's a very unconstructive act at this time when it's important to try to hold energy prices down."

Ms. Yellen said a reduction in gasoline prices from last year's peaks had helped limit inflation and it would be detrimental if the trend were reversed.

Oil benchmark prices jumped 6% on Monday, the day after the OPEC+ group jolted markets with plans to cut more production, raising fears of tightening supplies.

"Clearly, it's not a positive for global growth," Ms. Yellen said. "And it adds to uncertainty and burdens at a time when inflation is already high."

US President Joseph R. Biden, Jr. downplayed the impact of the OPEC+ move in a brief comment to reporters on Monday.

"It's not going to be as bad as you think," he said as he boarded Air Force One in Minneapolis for the trip back to Washington after touring a factory.

Asked about the impact the OPEC+ production cut would have on the $60 per barrel price cap Western governments have imposed on Russian crude oil, Yellen said she did not see it having any significant impact on the appropriate level of the price cap.

"I see it as working," she said of the price cap, adding that it has led to steep discounts on Russian oil and increased bargaining power for purchasers.

She said coalition countries could revisit the price cap level if a change was deemed appropriate, "but I don't see that that's appropriate at this time."

"I want to withhold judgment now on just what impact this will have on oil prices, although I know there's been some reaction today," she said of the OPEC+ move. — ***Reuters***

Walmart to cut over 2,000 jobs in e-commerce warehouses

WALMART, Inc. will cut more than 2,000 jobs at five US e-commerce warehouses, Bloomberg reported on Monday.

The layoffs include more than 1,000 roles at a warehouse in Fort Worth, Texas, along with 600 jobs at a Pennsylvania fulfillment center, 400 in Florida and 200 in New Jersey, the report said citing regulatory filings, with additional reductions planned in California.

Walmart did not immediately respond to a Reuters request for comment.

Reuters reported on March 23 that hundreds of workers at five Walmart facilities that fulfill e-commerce orders were being asked to find jobs within 90 days at other company locations. — ***Reuters***

US manufacturing at 3-year low, casts a shadow over economy

WASHINGTON — US manufacturing activity slumped in March to the lowest level in nearly three years as new orders plunged, and analysts said activity could decline further due to tighter credit conditions.

The Institute for Supply Management (ISM) survey on Monday showed all subcomponents of its manufacturing purchasing managers' index (PMI) below the 50 threshold for the first time since 2009. Some economists said this suggested a recession was around the corner, while others said much would depend on the services sector, whose PMI remains consistent with a growing economy.

The survey made no direct comment on recent financial markets turmoil. Makers of miscellaneous products said they were "closely monitoring the global banking situation" but there were no impacts "at this time."

US Federal Reserve rate hikes to fight inflation have raised borrowing costs and cooled demand for goods.

"Manufacturing is pulling back, but the service sector was still chugging along in February," said Chris Low, chief economist at FHN Financial in New York. "As long as it remains well above 50 when reported on Wednesday, the broad economy should be just fine. Nevertheless, the health of manufacturing is related to the health of the overall economy."

The ISM's manufacturing PMI fell to 46.3 last month, the lowest level since May 2020, from 47.7 in February. Outside the COVID-19 pandemic, it was the weakest reading since mid-2009.

Economists polled by Reuters had forecast the index would dip to 47.5. The PMI remained below the 50 threshold for the fifth straight month, a sign of contraction in manufacturing, yet hard data have suggested continued moderate growth in manufacturing, which accounts for 11.3% of the economy.

Manufacturing expanded at a 4.5% annualized rate in the fourth quarter, the government reported last week. Reports last month also showed orders for capital goods excluding aircraft eked out a small gain in February as did manufacturing output.

A separate survey from S&P Global on Monday showed an improvement in US manufacturing in March from February.

"Economic statistics in the rest of the economy are not showing convincing signs of a recession," said Christopher Rupkey, chief economist at FWDBONDS in New York.

According to the ISM, 70% of manufacturing gross domestic product (GDP) was contracting in March, down from 82% in February. It said more industries contracted strongly last month.

"The proportion of manufacturing GDP with a composite PMI calculation at or below 45 percent, a good barometer of overall manufacturing sluggishness, was 25 percent in March, compared to 10 percent in February," said Timothy Fiore, chair of the ISM Manufacturing Business Survey Committee.

Of the six largest manufacturing industries, only petroleum and coal products as well as machinery, registered growth in March. Other manufacturing industries reporting growth were printing and related support activities, miscellaneous manufacturing, fabricated metal products and primary metals.

Twelve industries reporting contraction included furniture and related products, nonmetallic mineral products, textile mills, transportation equipment, and computer and electronic products as well as electrical equipment, appliances and components.

Comments from manufacturers were mostly downbeat. Transportation equipment producers said "sales are slowing at an increasing rate." Electrical equipment, appliances and components manufacturers reported "new orders are starting to soften." Makers of chemical products said "sales (were) a bit down, and budgets being cut with a greater emphasis on savings."

But food, beverage and tobacco products manufacturers said "business is doing generally well, with input costs falling in some areas and rising in others."

US stocks were trading mixed. The dollar fell against a basket of currencies. US Treasury prices rose.

NEW ORDERS PLUNGE

The ISM survey's forward-looking new orders subindex fell to 44.3 last month from 47.0 in February. Demand could come under pressure following the failure of two regional banks recently. Banks have tightened lending standards, which could make it harder for small businesses and households to access credit.

"Manufacturing activity was slowing before the recent stress, and we expect tighter conditions will contribute further to that slowdown in investment spending," said Tim Quinlan, a senior economist at Wells Fargo in Charlotte, North Carolina.

Work backlogs shrank further last month, reflecting slower demand and improved supply chains.

The ISM survey's measure of supplier deliveries slipped to 44.8, the lowest level since March 2009, from 45.2 in February. A reading below 50 indicates faster deliveries to factories.

With supply improving, inflation at the factory gate is retreating. The ISM survey's measure of prices paid by manufacturers dropped to 49.2 from 51.3 in February.

But oil prices jumped on Monday after Saudi Arabia and other OPEC+ oil producers on Sunday announced further oil output cuts of around 1.16 million barrels per day. Prices for services also remain high.

Last month, the Fed raised its benchmark overnight interest rate by a quarter of a percentage point, but indicated it was on the verge of pausing further rate hikes due to market turmoil. The US central bank has hiked its policy rate by 475 basis points since last March from the near-zero level to the current 4.75%-5.00% range.

With weak demand, the survey's gauge of factory employment fell to 46.9 from 49.1 in February.

The ISM said companies were "attempting to maintain workforce levels to support projected second-half growth, but to a lesser degree compared to February." Six industries reported a decline in employment.

Economists were confident nonfarm payrolls growth in March would exceed 200,000 in the government's employment report on Friday. — ***Reuters***

Gold rallies as markets grapple with OPEC surprise

GOLD rallied 1% on Monday as the dollar's retreat burnished bullion's appeal as a safe-haven after a surprise output cut by the Organization of the Petroleum Exporting Countries Plus (OPEC+) rekindled fears of prolonged inflation and triggered uncertainty about the central bank response.

Spot gold gained 0.9% at $1,984.75 per ounce by 1:45 p.m. EDT (1745 GMT). US gold futures settled 0.7% higher at $2,000.40.

"We're getting hit consistently by big major events here and that is keeping investors nervous," said Edward Moya, senior market analyst at OANDA, referring to the global banking turmoil that pushed gold nearly 8% higher last month. The shock decision by OPEC+ is "really driving that inflation hedge trade for gold," Mr. Moya added.

While gold has struggled to gain from its traditional status as a hedge against inflation since higher interest rates to combat the rising prices also dim appeal for zero-yield bullion, the surprise cut on Monday also drove a sharp retreat in the dollar, in which bullion is priced.

Also burnishing gold's appeal, US manufacturing activity slumped to the lowest level in nearly three years in March amid tightening credit conditions, extending losses for benchmark 10-year Treasury yields.

Earlier in the session, gold brushed against a four-session low of $1,949.55.

That seemed to be a "knee jerk reaction" to the dollar's initial rise, said StoneX analyst Rhona O'Connell.

However, analysts said higher interest rates could still prove a headwind for gold later on.

Silver fell 0.7% to $23.91 per ounce; platinum was down 0.5% at $986.07; while palladium was mostly flat at $1,460.52. — ***Reuters***

Oil surges as OPEC+ output cut shocks markets

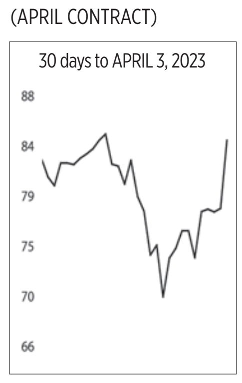
BENGALURU — Oil benchmarks jumped 6% on Monday, the day after the Organization of the Petroleum Exporting Countries Plus (OPEC+) group jolted markets with plans to cut more production, raising fears of tightening supplies while some warned of reduced demand if oil refiners flinch at paying higher prices for crude.

Brent crude settled higher by $5.04 or 6.3% at $84.93 a barrel, after touching its highest since March 7 at $86.44. West Texas Intermediate crude settled up by $4.75 or 6.3% at $80.42 a barrel after rising to a two-month high during the session.

The Organization of the Petroleum Exporting Countries and allies including Russia, a group known as OPEC+, shook markets with Sunday's announcement that it will lower its production target by a further 1.16 million barrels per day (bpd).

The latest pledges bring the total volume of cuts by OPEC+ to 3.66 million bpd including a 2 million barrel cut last October, according to Reuters calculations, equal to about 3.7% of global demand.

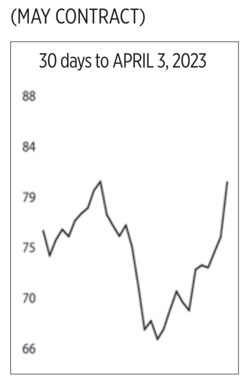
ASIA-DUBAI
(APRIL CONTRACT)



DOLLARS PER BBL

Mar.	28	29	30	31	3
$/bbl	77.80	77.99	77.75	78.05	84.05
Average (April 3)					**$84.05**
Average (Mar. 1-31)					**$78.49**

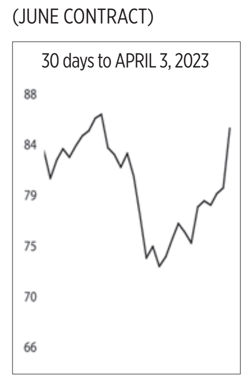
NEW YORK-WTI
(MAY CONTRACT)



DOLLARS PER BBL

Mar.	28	29	30	31	3
$/bbl	73.20	72.97	74.37	75.67	80.42
Average (April 3)					**$80.42**
Average (Mar. 1-31)					**$73.37**

LONDON-BRENT
(JUNE CONTRACT)



DOLLARS PER BBL

Mar.	28	29	30	31	3
$/bbl	78.65	78.28	79.27	79.77	84.93
Average (April 3)					**$84.93**
Average (Mar. 1-31)					**$79.21**

Source: REUTERS

US President Joseph R. Biden, Jr.'s administration said it was given a "heads up" on the production cut and told Saudi officials that it disagreed with it.

OPEC had described the cuts as precautionary. Analysts said a weakening economy and rising oil stockpiles supported the decision. Last month, Brent prices had traded near $70 a barrel, a 15-month low, on fears of weakening demand.

Since mid-December, US crude oil inventories have risen fairly steadily and hit their highest level in two years in the week ended March 17. Western sanctions on Russia also have led to a sizeable number of Russian crude cargoes looking for a home, Mizuho analyst Bob Yawger said.

Still, the OPEC+ production curbs led most analysts to raise their Brent oil price forecasts to around $100 per barrel by year-end. This in turn could prompt more aggressive interest rate hikes from central banks and gradually push economies closer to a recession, Mr. Yawger and others said.

US manufacturing activity slumped to the lowest level in nearly three years in March and could decline further on tighter credit and higher borrowing costs.

The inflationary jolt to the world economy from rising oil prices will result in more rate hikes, said Fawad Razaqzada, market analyst at City Index.

Long-term, however, demand for energy could slump if oil refiners lower activity to counter rising input costs. Lower refining output could push prices at the pump to near last year's record $5 a gallon levels, Mizuho's Mr. Yawger said.

The crack spread, or profit refiners make in converting crude oil to products, on Monday traded at its lowest since Feb. 24. The US gasoline futures contract rose almost 8% to its highest since January and settled at $2.76 a gallon, up about 2.1%. — ***Reuters***

S&P 500 ends higher as oil stocks rally; Tesla slides

THE S&P 500 ended higher on Monday, lifted by energy stocks following surprise cuts to the Organization of the Petroleum Exporting Countries Plus (OPEC+) group's oil output targets, while Tesla tumbled after its electric vehicle deliveries for the first quarter disappointed investors.

Tesla, Inc. dropped 6.1% after disclosing March-quarter deliveries rose just 4% from the previous quarter, even after Chief Executive Officer Elon Musk slashed car prices in January to boost demand.

The S&P 500 energy sector index surged 4.9% after Saudi Arabia and other OPEC+ oil producers announced unexpected output cuts that could push oil prices toward $100 a barrel. Chevron Corp., Exxon Mobil Corp. and Occidental Petroleum Corp. all rallied more than 4%.

However, the prospect of higher oil costs added to inflation worries on Wall Street just days after evidence of cooling prices raised expectations that the US Federal Reserve might soon end its aggressive monetary tightening campaign.

"The decision to cut production is a headwind for inflation... and that's why, on balance we're seeing a generally 'risk off' bias," said Terry Sandven, chief equity strategist at US Bank Wealth Management in Minneapolis.

The Dow was lifted in part by a 4.6% rally in UnitedHealth Group, Inc. on better-than-proposed Medicare Advantage rates for 2024.

Investors worried about inflation drew comfort from surveys by the Institute for Supply Management and S&P Global that reflected weakness in manufacturing activity in March.

Interest rate futures imply 56% odds the Fed will raise rates by 25 basis points (bps) at its meeting in May, and 44% odds it will keep interest rates unchanged, according to CME Group's Fedwatch tool.

The S&P 500 climbed 0.37% to end the session at 4,124.49 points.

The Nasdaq declined 0.27% to 12,189.45 points, while the Dow Jones Industrial Average rose 0.98% to 33,601.15 points.

Despite turbulence in the global banking sector, the S&P 500 jumped 7% in the first quarter and the tech-heavy Nasdaq rallied 17%.

First-quarter earnings season is around the corner, with big banks among the first to report in coming weeks and offer details about the sector's overall health after the March collapse of Silicon Valley Bank sparked a fears of a broader industry crisis.

Across the US stock market, advancing stocks outnumbered falling ones by a 1.1-to-one ratio. The S&P 500 posted 20 new highs and no new lows; the Nasdaq recorded 85 new highs and 121 new lows.

Volume on US exchanges was relatively light, with 10.9 billion shares traded, compared with an average of 12.7 billion shares over the previous 20 sessions. — ***Reuters***

SPOT PRICES

MONDAY, APRIL 3, 2023

METAL	
PALLADIUM free $/troy oz	1,491.77
PALLADIUM JMI base, $/troy oz	1,500.00
PLATINUM free $/troy oz	982.76
PLATINUM JMI base $/troy oz	993.00
KRUGGERAND, fob $/troy oz	1,982.00
IRIDIUM, whs rot, $/troy oz	4,590.00
RHODIUM, whs rot, $/troy oz	7,290.00
GRAINS (March 30, 2023)	
(FOB Bangkok basis at every Thursday)	
FRAGRANT (100%) 1st Class, $/ton	868.00
FRAGRANT (100%) 2nd Class, $/ton	837.00
RICE (5%) White Thai- $/ton	490.00
RICE (10%) White Thai- $/ton	489.00
RICE (15%) White Thai- $/ton	484.00
RICE (25%) White Thai- $/ton (Super)	484.00
BROKER RICE A-1 Super $/ton	439.00
FOOD	
COCOA ICCO Dly (SDR/mt)	2,069.63
COCOA ICCO $/mt	2,784.13
COFFEE ICA comp '2001 cts/lb	165.37
SUGAR ISA FOB Daily Price, Carib. port cts/lb	21.85
SUGAR ISA 15-day ave.	20.59

LIFFE COFFEE

New Robusta 10 MT - $/ton

	High	Low	Sett	Psett
May	2,234	2,210	2,229	2,206
July	2,198	2,175	2,195	2,173
Sept.	2,163	2,145	2,158	2,138
Nov.	2,125	2,108	2,122	2,100

LIFFE COCOA

(Ldn)-10 MT-£/ton

	High	Low	Sett	Psett
May	2,162	2,108	2,121	2,159
July	2,166	2,116	2,130	2,163
Sept.	2,147	2,102	2,113	2,145
Dec.	2,087	2,053	2,061	2,087

COCONUT

MANILA COPRA (based on 6% moisture)

Peso/100kg		Buyer/Seller
Lag/Qzn/Luc	23	3,300.00/3,350.00

Philippine Coconut Oil - Crude

CIF NY/NOLA	53.50
PALM OIL RAIL/NOLA	56.50

COCONUT OIL (PHIL/IDN),$ per ton,
CIF Europe

Apr./May'23	1,060.00/1,085.00
May/June'23	1,060.00/1,075.00
June/July'23	0.00/1,080.00
July/Aug.'23	1,065.00/1,090.00

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US$/MT

	3 MOS
ALUMINUM H.G.	2,397.50
ALUMINUM Alloy	2,007.00
COPPER	8,917.00
LEAD	2,115.50
NICKEL	23,372.00
TIN	26,040.00
ZINC	2,898.50