

Morning Bid Europe

A look at the day ahead in European and global markets

By Ankur Banerjee, Asia Finance & Markets Breaking News Correspondent

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The relief rally in the market will be tested when British finance minister Jeremy Hunt presents the UK spring budget as he tries to speed up the world's sixth-biggest economy, with business lobbies clamouring for sweeteners.

Hunt, who was drafted in last year after former Prime Minister Liz Truss's mini budget in September shook UK markets, is due to speak at 1230 GMT and is expected to stay away from big tax cuts or spending increases.



Britain's Chancellor of the Exchequer Jeremy Hunt walks at Downing Street in London, Britain, November 17, 2022. REUTERS/Toby Melville

That may sour risk appetite for investors after the relief rally got a leg up on Wednesday from China's economic activity data that showed gradual, but uneven recovery. Rising expectations that the Fed will not go back to jumbo hikes after Tuesday's inflation data also helped lift sentiment.

The market is now pricing in a roughly 80% chance of a 25 basis point increase, compared with last week when it priced in a 70% chance of a 50 bps hike. Some in the market still hope that the Fed will stay pat on rates. Retail sales data later in the day will shed more light on the state of economy.

European stocks may struggle to sustain the rally with futures indicating the market is due for a slightly higher open.

Banking stocks clawed back some of their steep losses as traders bet (or hope) that the worst of the SVB fallout is over as the contagion fears that gripped the market eased.

In the corporate world, focus will be on Credit Suisse after the Swiss bank said it had identified "material weaknesses" in internal controls over financial reporting.

Meanwhile, Facebook-parent Meta Platforms announced it would cut 10,000 jobs this year, making it the first Big Tech company to announce a second round of mass layoffs.

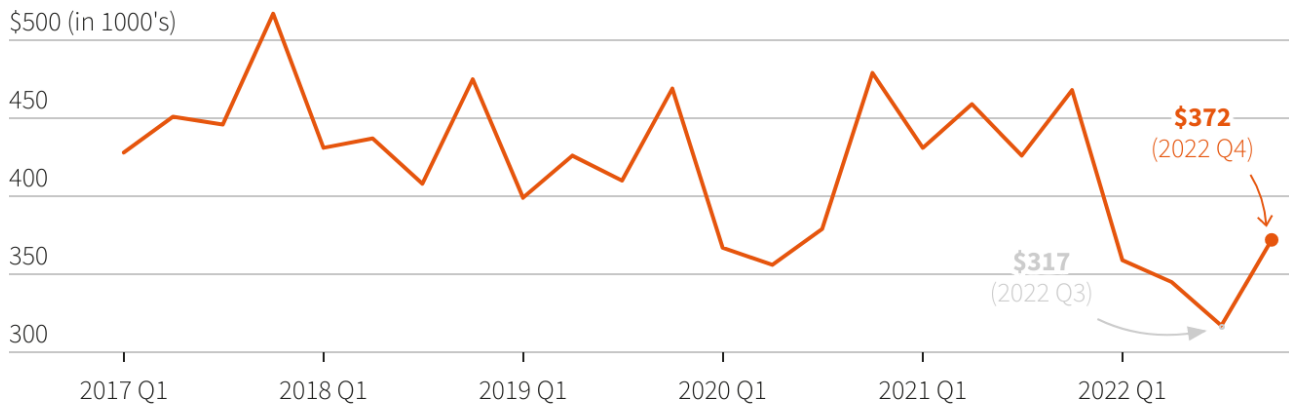
Key developments that could influence markets on Wednesday:

- Economic events: Inflation data for Sweden and France
- Eurozone industrial production data; UK budget

How layoffs affect Meta?

The social networking company's revenue per employee, which was lowest since 2017 at the end of third quarter, improved in the December quarter as earlier announced layoffs took effect.

Revenue per employee



Note: Headcount data available since 2017 only.

Source: Company filings, Refinitiv Eikon | Reuters, March 14, 2022 | By Vineet Sachdev

Graphics are produced by Reuters.