

21 December 2021

Global Markets Research

Daily Market Highlights

21-Dec: Omicron spread battered sentiment

US stock benchmarks fell over 1% as spread of Omicron spurred lockdown worries

Senator Manchin said would oppose Biden's \$2 trillion legislation

Oil prices slumped, weighing on commodity-linked currencies

- US stocks prices fell on Monday, extending from the decline recorded last week, as the highly transmissible Omicron variant spread across the world, prompting renewed concerns of possible lockdowns that may slow the global economic growth. The CDC said this morning that the Omicron strains made up 73% of all Covid-19 cases in the US last week.
- Investor sentiment was also battered by Senator Joe Manchin (a centrist Democrat)'s remarks that he would not support President Biden's \$2 trillion tax and spending legislation. All three US benchmarks registered over-1% losses, driven by a broad-based sectoral selloff.
- Treasuries continued to trade on a mixed note on Monday with the short-end yields moving little changed and longer-term yields rising modestly. The yield on the benchmark 10Y UST ticked up by 2bps to 1.42%.
- USD strength wavered on Monday, although the USD still managed to rise against most G10 currencies. Commodity-linked currencies were the major loser as oil prices slumped. NZD and CAD fell the most; the EUR and CHF rebounded while the JPY traded little changed for the third consecutive session. The dollar index was flat at 96.55 (-0.01%).
- USD/MYR advanced by 0.1% to 4.2265. General risk aversion and hawkish central bank policies may continue to support the USD at the start of the week; the pair may still target 4.23 but a failure to breach the level may leave the pair hovering near recent levels of 4.21-4.22. Malaysia will release November CPI on 24-December, where we are expecting an elevated reading in the 3.0% handle before tapering off in 1Q of next year.
- Meanwhile, gold prices snapped two-day winning streak, dipping 0.6% to \$1,793.7/oz. Oil prices plunged as investors retreated from risky assets. Brent crude traded 2.7% lower at \$71.52/barrel after just losing 2% on Friday. The US WTI fared worse, shedding 3.7% to \$68.23/barrel.
- Earlier, China's PBOC cut its 1-year loan prime rate for the first time in 20 months, from 3.85% to 3.8%. The 5-year LPR was unchanged at 4.65%.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,932.16	-1.23
S&P 500	4,568.02	-1.14
NASDAQ	14,980.94	-1.24
Stoxx 600	467.35	-1.38
FTSE 100	7,198.03	-0.99
Nikkei 225	27,937.81	-2.13
Hang Seng	22,744.86	-1.93
Straits Times	3,072.97	-1.24
KLCI 30	1,493.90	-0.54
FX		
Dollar Index	96.55	-0.01
EUR/USD	1.1279	0.35
GBP/USD	1.3207	-0.29
USD/JPY	113.61	-0.02
AUD/USD	0.7112	-0.18
USD/CNH	6.3827	-0.07
USD/MYR	4.2265	0.14
USD/SGD	1.3668	-0.07
Commodities		
WTI (\$/bbl)	68.23	-3.71
Brent (\$/bbl)	71.52	-2.72
Gold (\$/oz)	1,793.70	-0.56

Source: Bloomberg, HLBB Global Markets Research

US Conference Board leading index rose 1.1%:

- The Conference Board Leading Index rose 1.1% m/m in November, after picking up 0.9% m/m in the previous month. The positive move signals continuous economic growth in the US last month, which was driven by strengthening of the labour market (increase in average workweek and lower jobless claims), higher stock prices as well as ISM new orders. The average consumer expectations continued to be a negative contributor for the fourth consecutive month, reflecting the impact of surging prices had on consumer sentiment.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DEX	95-97	94.50	95.00	95.50	96.50
EUR/USD	1.12-1.14	1.15	1.14	1.14	1.13
GBP/USD	1.32-1.34	1.35	1.35	1.34	1.33
AUD/USD	0.70- 0.73	0.72	0.71	0.71	0.70
USD/JPY	113-115	112	113	114	115
USD/MYR	4.18-4.23	4.15	4.15	4.15	4.15
USD/SGD	1.35-1.37	1.35	1.34	1.33	1.34

Policy Rate %	Current	4Q-21	1Q-22	2Q-22	3Q-22
Fed	0-0.25%	0-0.25	0-0.25	0.25-0.50	0.50-0.75
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.25	0.25	0.50	0.50	0.50
RBA	0.10	0.10	0.10	0.10	0.10
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	1.75	1.75	1.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
21/12	AU RBA Minutes of Dec. Policy Meeting	
	HK CPI Composite YoY (Nov)	1.7%
	EZ Consumer Confidence (Dec A)	-6.8
22/12	AU Westpac Leading Index MoM (Nov)	0.16%
	MA Foreign Reserves (15 Dec)	\$116.7b
	UK GDP QoQ (3Q F)	1.3%
	US MBA Mortgage Applications (17 Dec)	--
	US Chicago Fed Nat Activity Index (Nov)	0.76
	US GDP Annualized QoQ (3Q T)	2.1%
	US Conf. Board Consumer Confidence (Dec)	109.5
	US Existing Home Sales MoM (Nov)	0.8%

Source: Bloomberg

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