31 December 2021

Global Markets Research

Daily Market Highlights

31-Dec: US stocks set to record third yearly gain

S&P 500, Dow Jones pulled back from Wednesday's record levels

Dollar posted modest rebound after recent selloff

US initial jobless claims slipped to 198k

- US stocks closed modestly down overnight, retreating from record high levels. The S&P 500 and Dow Jones both declined by 0.3% after having reached their respective fresh highs in the previous session; tech-heavy NASDAQ slipped 0.2%. Trading volume remained thinner than usual in the final days of 2021. Nonetheless the US equity market is on track to record its third consecutive yearly gain; as of Thursday, the S&P 500 has recorded a YTD gain of 27.2%.

- US treasury yields fell overnight despite the positive jobless claims data. The yield on the benchmark 10Y UST lost 4.1bps to 1.51%. Meanwhile the USD managed to rebound against half of the G10 basket after the selloff in the prior session. The dollar index closed little changed (+0.04%) at 95.97.

- USD/MYR dipped to as low as 4.1700 before rebounding to 4.1780 (-0.06%) on Thursday. We are neutral to slightly bearish on the pair given the mixed USD sentiment overnight; window dressing activity on the last day of 2021 may still tilt the pair lower today, with immediate support at 4.1700.

- Gold futures rose 0.5% to $1814.10/oz. Gains in crude oil benchmarks extended to Thursday's session; Brent crude picked up 0.1% to $79.32/barrel and WTI advanced 0.6% to $76.99/barrel.

US initial jobless claims fell to 198k last week:

- The data calendar remained scant in the last week of 2021. Initial jobless claims slumped further to 198k for the week ended 25 December, down by 8k w/w from 206k prior. The latest number came in better than the consensus expectations that predicted a flat reading of 206k. It appears that the recent spread of the Omicron variant in the US has not dampened the robust job market prospects and hiring continues to outpace laying off.
- In a separate note, the MNI Chicago Business Barometer picked up to 63.1 in December, from 61.8 in November, indicating modest improvement (+1.3ppts) in the overall business conditions following the sharp 6.6pts decline in the previous month.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	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

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,398.08	-0.25
S&P 500	4,778.73	-0.30
NASDAQ	15,741.56	-0.16
Stoxx 600	488.71	0.15
FTSE 100	7,403.01	-0.24
Nikkei 225	28,791.71	-0.40
Hang Seng	23,112.01	0.11
Straits Times	3,126.64	-0.36
KLCI 30	1,543.61	-0.09
FX		
Dollar Index	95.97	0.04
EUR/USD	1.1325	-0.21
GBP/USD	1.3499	0.07
USD/JPY	115.08	0.11
AUD/USD	0.7256	0.08
USD/CNH	6.3758	0.07
USD/MYR	4.1780	-0.06
USD/SGD	1.3524	0.01
Commodities		
WTI ($/bbl)	76.99	0.56
Brent ($/bbl)	79.32	0.11
Gold ($/oz)	1,814.10	0.50

Source: Bloomberg, HLBB Global Markets Research

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
31/12	CN Non-manufacturing PMI (Dec)	52.3
	CN Manufacturing PMI (Dec)	50.1
03/01	SG GDP YoY (4Q A)	7.1%
	MA Markit Malaysia PMI Mfg (Dec)	52.3
	HK Retail Sales Value YoY (Nov)	12.0%
	EZ Markit Eurozone Manufacturing PMI (Dec F)	58.0
	US Markit US Manufacturing PMI (Dec F)	57.8
	US Construction Spending MoM (Nov)	0.2%

Source: Bloomberg

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