

4 January 2022

Global Markets Research

Daily Market Highlights

04-Jan: USD jumped to kick off new year

S&P 500, Dow Jones rose to fresh highs

Treasury yields soared alongside stronger dollar

US and Eurozone saw softer PMI manufacturing prints

- US stocks rose on the first trading day of 2022, pushing the Dow Jones (+0.7%) and S&P 500 (+0.6%) to their respective record highs. Among the S&P 500, shares of energy and consumer discretionary led the gains, with the former rallying by over 3.0%. iPhone maker Apple briefly hit \$3 trillion market share, becoming the first US firms to have hit such a value. The tech-heavy NASDAQ index outperformed with a 1.2% gain.
- US treasuries fell sharply overnight, boosting yields across the board, particularly that of the longer-end of the curve. The yield on the benchmark 10Y UST jumped nearly 12bps to 1.63% despite the global Omicron concern as investors focus on Fed's QE tapering this year.
- The dollar strengthened alongside the steep rise in bond yields. USD rose against all G10 and most Asian currencies. AUD and CAD were the major losers. The dollar index jumped 0.6% to 96.21, its largest single-day gain in nearly two months.
- USD/MYR recovered partially (+0.2%) from the year-end losses to 4.1725. Extended gain is expected today following the broad-based strengthening of the US dollar overnight; expect a potential breach of 4.1800 and a trading range of 4.18-4.19.
- Meanwhile, gold futures slumped 1.6% to \$1800.1/oz following the dollar resurgence. Oil prices rallied to kick off the year; Brent crude rose 1.5% to \$78.98/barrel while WTI picked up 1.2% to \$76.08/barrel.

US Markit manufacturing PMI edged lower; construction spending rose:

- The US Markit Manufacturing PMI ticked down to 57.7 in December (Nov: 58.3). Markit said December was the month where the health of the manufacturing sector saw the slowest improvement in 2021, attributed to subdued output and new order growth.
- Construction spending in the US rose 0.4% m/m in November, missing the consensus forecast of 0.6%. Fortunately, spending in October was revised higher to reflect a larger 0.4% m/m gain. Spending in the private residential sector continued to be the major driver, picking up 0.9% m/m after the brief decline (-0.2% m/m) in November.

Eurozone PMI slipped a little in December:

- The Eurozone's Markit Manufacturing PMI slipped to 58.0 in December, from 58.4 in November. The slight decrease of the headline reading reflects still-weak output growth, but the PMI remained comfortably above the 50.0 neutral threshold that separates contraction and expansion. The December survey

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,585.06	0.68
S&P 500	4,796.56	0.64
NASDAQ	15,832.80	1.20
Stoxx 600	489.99	0.45
FTSE 100	7,384.54	-0.25
Nikkei 225	28,791.71	-0.40
Hang Seng	23,274.75	-0.53
Straits Times	3,134.25	0.34
KLCI 30	1,549.05	-1.18
FX		
Dollar Index	96.21	0.57
EUR/USD	1.1297	-0.64
GBP/USD	1.3480	-0.38
USD/JPY	115.32	0.21
AUD/USD	0.7190	-1.01
USD/CNH	6.3744	0.27
USD/MYR	4.1725	0.16
USD/SGD	1.3539	0.36
Commodities		
WTI (\$/bbl)	76.08	1.16
Brent (\$/bbl)	78.98	1.54
Gold (\$/oz)	1,800.10	-1.56

Source: Bloomberg, HLBB Global Markets Research

reported a further easing of the supply chain crisis as well as slight receding of inflationary pressures.

Hong Kong's retail sales growth slowed in November:

- Hong Kong's retail sales rose 7.1% y/y in November, slowing from the 12.1% growth in the previous month. The softer growth came as sales of food, alcohol & tobacco declined for the second month, alongside the lower sales at supermarkets. These were offset by the double-digit (+11.6% y/y) increase in fuel sales amid the extended climb of the global crude oil prices, as well as the sharp increase in sales of clothing & footwear (+16.6% y/y).

Malaysia's PMI rose in December:

- Malaysia's Markit Manufacturing PMI rose to 52.8 in December, from 52.3 in November, indicating a further increase in growth momentum at the end of 2021. The improvement in operating conditions came as Malaysia eased the pandemic restrictions in October although firms still reported severely disrupted supply chains.

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	1.33-1.36	1.35	1.35	1.34	1.33
AUD/USD	0.71- 0.74	0.72	0.71	0.71	0.70
USD/JPY	114-116	112	113	114	115
USD/MYR	4.15-4.19	4.15	4.15	4.15	4.15
USD/SGD	1.33-1.36	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
04/01	VN Markit Vietnam PMI Mfg (Dec)	52.2
	JP Jibun Bank Japan PMI Mfg (Dec F)	54.2
	CN Caixin China PMI Mfg (Dec)	49.9
	UK Markit UK PMI Manufacturing SA (Dec F)	57.6
	SG Purchasing Managers Index (Dec)	50.6
	US ISM Manufacturing (Dec)	61.1
	US JOLTS Job Openings (Nov)	11033k
05/01	HK Markit Hong Kong PMI (Dec)	52.6
	SG Markit Singapore PMI (Dec)	52
	SG Retail Sales YoY (Nov)	7.5%
	EZ Markit Eurozone Services PMI (Dec F)	53.3
	US MBA Mortgage Applications (31 Dec)	-0.6%
	US ADP Employment Change (Dec)	534k
	US Markit US Services PMI (Dec F)	57.5

Source: Bloomberg

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