

5 January 2022

Global Markets Research

Daily Market Highlights

05-Jan: Dollar gave up recent gains

S&P 500, NASDAQ weighed by tech selloff; Dow Jones hit new high

Treasury yields rose in response to solid ISM and job openings data

USD weakened against most G10 currencies

- US stock benchmarks ended on a mixed note on Tuesday. The extended gain in the Dow Jones pushed the blue-chip index to a new high; the S&P 500 retreated marginally (-0.06%) from the recently set record level while NASDAQ suffered a steeper loss of 1.3% amid a selloff in tech shares.
- In the bond market, US treasury yields rose in response to solid US economic data that indicate a robust manufacturing sector and strong labour market conditions. The yield on the benchmark 10Y UST rose 1.9bps to 1.65%. Minneapolis Fed President Neel Kashkari said that he brought forward two rate hikes to this year as inflation has turned out to be higher and more persistent than expected.
- On the FX front, most G10 currencies rebounded against the USD. However, the dollar index rose slightly (+0.05%) to 96.26 thanks to the steeper weakening of JPY (-0.7%) and a marginal decline in EUR. AUD was the top performer among the G10s.
- USD/MYR extended recent gains to the second consecutive session on Tuesday, closing 0.3% higher at 4.1870. Overnight USD movement suggests some consolidations within the 4.18-19 range as the market awaits more key US data.
- Gold futures rose 0.8% to \$1814.60/oz. Crude oil prices rallied over 1.0% where Brent crude was seen settling at \$80.00/barrel and WTI at \$76.99/barrel.

US ISM manufacturing PMI painted a robust sector; a record 4.5 million US employees quit their jobs:

- The ISM manufacturing PMI fell to 58.7 in December, from 61.1 in November; the reading missed the consensus forecast of 60.0 but still indicates a solid expansion of the sector. Notably, the survey reported an ease in the supply chain constraint as well as better labour resources; the prices paid index also pulled back sharply by nearly 14pts, adding to signs of relief in the industry's elevated price pressure.
- The separately released JOLTS report showed that the number of US vacancies amounted to 10.6mil in November, coming down from 11.1mil in the previous month. A record 4.5mil (Oct: 4.2mil) Americans quit their jobs in the same month while the quit rate also rose to a record high of 3.0% (Oct: 2.8%), highlighting employees' motivation to seek out jobs with better pays and firms' struggle to retain workers.

Other countries' PMI readings indicated continuous growth:

- The UK manufacturing PMI slipped to 57.9 in December (Nov: 58.1); Similarly, Japan's manufacturing PMI edged lower to 54.3 in December (Nov: 54.5), pointing to softer growth rates.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,799.65	0.59
S&P 500	4,793.54	-0.06
NASDAQ	15,622.72	-1.33
Stoxx 600	494.02	0.82
FTSE 100	7,505.15	1.63
Nikkei 225	29,301.79	1.77
Hang Seng	23,289.84	0.06
Straits Times	3,181.14	1.50
KLCI 30	1,541.90	-0.46
FX		
Dollar Index	96.26	0.05
EUR/USD	1.1287	-0.09
GBP/USD	1.3530	0.37
USD/JPY	116.16	0.73
AUD/USD	0.7236	0.64
USD/CNH	6.3757	0.02
USD/MYR	4.1870	0.34
USD/SGD	1.3552	0.10
Commodities		
WTI (\$/bbl)	76.99	1.20
Brent (\$/bbl)	80.00	1.29
Gold (\$/oz)	1,814.60	0.81

Source: Bloomberg, HLBB Global Markets Research

- China's Caixin manufacturing PMI ticked higher to 50.9 in December, from 49.9 prior, signalling slight improvement in the country's manufacturing condition.
- Vietnam's manufacturing PMI rose slightly to 52.5 in December (Nov: 52.2), indicating slower rate of expansion.
- Singapore's official PMI rose to 50.7 in December (Nov: 50.6); the electronic sub-PMI improved to 51.0 (Nov: 50.8).

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
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
06/01	US FOMC Meeting Minutes (15 Dec)	--
	JP Jibun Bank Japan PMI Services (Dec F)	51.1
	CN Caixin China PMI Services (Dec)	52.1
	UK Markit/CIPS UK Services PMI (Dec F)	53.2
	US Trade Balance (Nov)	-\$67.1b
	US Initial Jobless Claims (01 Jan)	--
	US Factory Orders (Nov)	1.00%
	US ISM Services Index (Dec)	69.1
	US Durable Goods Orders (Nov F)	2.50%
	US Cap Goods Orders Nondef Ex Air (Nov F)	-0.10%

Source: Bloomberg

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