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Global Markets Research

Daily Market Highlights

07-Feb: US created more jobs than expected

Nonfarm payrolls rose 467k in January, besting consensus estimates

10Y UST yields shot past 1.90% as rate hike expectations firmed up

Oil prices continued upward trajectory

- US stocks generally rose last Friday, leading major indexes to close out the week with solid gains. The S&P 500 rose 0.5% while the tech sector boost helped push NASDAQ higher by 1.6%. This came as Amazon pulled off its largest ever single-day gain in market value (+\$191.3b) for a US company. The Dow Jones closed little changed (-0.06%).
- In the bond market, the upbeat job report reaffirmed the Federal Reserve rate hike expectations, pushing US yields higher. The benchmark 2Y US treasury notes last traded with a yield of 1.31% on Friday, up by 11.4bps in one session. The 10Y UST yield surged nearly 8bps to 1.91%, its highest level since December 2019.
- The US dollar rebounded from recent losses amid higher US yields as it strengthened against most G10 currencies. EUR/USD strengthened for the sixth consecutive session in response to the ECB's hawkish tilt. The dollar index snapped a four-day losing streak to close 0.1% higher at 95.49 on Friday but locked in a weekly decline of 1.8%.
- USD/MYR weakened by 0.1% to 4.1790 on Friday and recorded weekly losses of 0.3%. We are neutral to slightly bearish on the pair in the week ahead, and are eyeing a weekly range of 4.17-4.20. Malaysia's 4Q21 GDP reading (due on 11-Feb) is expected to be the key driving factor for the pair. The stronger than expected US job data is supportive of the USD but any bigger than expected rebound in Malaysia's 4Q GDP will be positive for the MYR.
- Gold futures picked up 0.2% to \$1806.6/oz on Friday. Oil prices continued their upward trajectory last week. Brent crude added a whopping 2.4% to \$93.27/barrel, marking its seventh consecutive weekly gain (+3.6%). Likewise, WTI rose 2.3% to \$92.31/barrel, ending the week with a stunning 6.3% win.

US hiring data surprised on the upside:

- The US economy added more jobs than expected in January, indicating that hiring activities remained strong despite the spread of the Omicron variant. Nonfarm payrolls rose by 467k in January, compared to the consensus forecast of 125k while the previous two months' data were also revised higher by 709k. This means that for the year of 2021, total job gains amounted to 6.67millions.
- The unemployment rate rose to 4.0% in January, from 3.9% prior, as the labour force participation rate climbed to 62.2% (Dec: 61.9%), its highest level since March 2020 during the onset of the pandemic.
- The average hourly earnings rose 0.7% m/m (Dec: +0.5%), translating to a 5.7% y/y growth (Dec: +4.9%) as wages picked up further amid the lack of labour supply.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,089.74	-0.06
S&P 500	4,500.53	0.52
NASDAQ	14,098.01	1.58
Stoxx 600	462.15	-1.38
FTSE 100	7,516.40	-0.17
Nikkei 225	27,439.99	0.73
Hang Seng	24,573.29	3.24
Straits Times	3,331.41	0.47
KLCI 30	1,522.76	-0.19
FX		
Dollar Index	95.49	0.11
EUR/USD	1.1449	0.08
GBP/USD	1.3531	-0.49
USD/JPY	115.26	0.25
AUD/USD	0.7072	-0.97
USD/CNH	6.3635	0.16
USD/MYR	4.1790	-0.11
USD/SGD	1.3458	0.14
Commodities		
WTI (\$/bbl)	92.31	2.26
Brent (\$/bbl)	93.27	2.37
Gold (\$/oz)	1,806.60	0.20

Source: Bloomberg, HLBB Global Markets Research

Singapore's retail sales picked up further in December:

- Singapore's retail sales rose 2.3% m/m in December, besting the forecast of 1.5%. This followed the upwardly revised 2.8% growth in November. This reflects higher sales in nearly all retail categories as consumers began preparations for the Lunar New Year. Notably, sales of motor vehicles rose 4.2% m/m after having fallen for two months. On a y/y basis, retail sales picked up 6.7% (Nov: +2.2%).

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DXY	95-98	96.15	96.40	96.30	96.30
EUR/USD	1.13-1.15	1.13	1.12	1.12	1.13
GBP/USD	1.34-1.36	1.34	1.33	1.35	1.36
AUD/USD	0.70-0.72	0.72	0.72	0.74	0.75
USD/JPY	114-116	115	116	115	114
USD/MYR	4.17-4.20	4.17	4.15	4.15	4.10
USD/SGD	1.34-1.35	1.35	1.34	1.34	1.33

Policy Rate %	Current	1Q-22	2Q-22	3Q-22	4Q-22
Fed	0-0.25%	0-0.25	0.25-0.50	0.50-0.75	0.75-1.00
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.50	0.50	0.50	0.50	0.75
RBA	0.10	0.10	0.10	0.10	0.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	1.75	1.75	2.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
07/02	SG Markit Singapore PMI (Jan)	55.1
	CN Caixin China PMI Services (Jan)	53.1
	EZ Sentix Investor Confidence (Feb)	0.0
	JP Labor Cash Earnings YoY (Dec)	0.0%
08/02	JP Household Spending YoY (Dec)	-1.3%
	HK Markit Hong Kong PMI (Jan)	50.8
	AU NAB Business Confidence (Jan)	--
	MA Industrial Production YoY (Dec)	9.4%
	US NFIB Small Business Optimism (Jan)	98.9
	US Trade Balance (Dec)	-\$80.2b

Source: Bloomberg

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