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Global Markets Research
Daily Market Highlights

08-Feb: US equities kicked off new week with losses

S&P 500 and NASDAQ closed lower after choppy trading
US dollar lost steam after briefly strengthened last Friday
10Y UST yield stayed above 1.90%

- US stocks closed lower on Monday in a choppy trading session. The broader S&P 500 index fell 0.4% while the tech-focus NASDAQ slumped 0.6% amid a selloff in technology stocks. The Dow Jones gave up earlier gains and ended the session unchanged. Volatility in the equity market continued this week following last week's selloff of Facebook parent Meta's shares while the upbeat US job report heightened expectations that the Federal Reserve will deliver a 50-basis-point rate hike in March, rather than the usual 25bps adjustment.

- Treasury yields were steady on Monday, moving less than 1bp in general. The benchmark 10Y UST yield was last seen at 1.92% when the session closed. The US dollar strength lost steam at the start of the week as most G10 currencies strengthened against the greenback. AUD and CAD led the gains. EUR/USD has defended 1.1440 levels ever since the ECB turned hawkish last Thursday. The dollar index fell 0.09% to 95.40 after briefly turning higher last Friday.

- USD/MYR picked up 0.1% to 4.1840 on Monday. We are neutral on the pair today and in the week ahead, eyeing a weekly range of 4.17-4.20 amid cautious sentiment. Malaysia's 4Q21 GDP reading (due on 11-Feb) is expected to be the key driving factor for the pair. Any bigger than expected rebound in Malaysia's 4Q GDP will be positive for the MYR.

- In the commodity market, gold prices climbed 0.8% to $1820.6/oz amid weak USD. Oil prices consolidated recent gains despite Saudi Arabia raising its official selling prices for crude bound for Asia; Brent crude fell 0.6% to $92.69/barrel while WTI slipped 1.1% to $91.32/barrel. Meanwhile in the US, President Biden met with German Chancellor Olaf Scholz and said in a joint press conference that the Nord Stream 2 Pipeline, meant to deliver Russian natural gas to Germany, will not go through if Russia invades Ukraine.

Eurozone's investor confidence improved in February:

- The Sentix Investor Confidence Index rose to 16.6 in February, up from 14.9 in the previous month and better than the consensus estimates of 15.2. The rise in investor confidence in the Eurozone was driven by both the current situation sentiment (+3pts) as well as expectations (+0.5pts) which measures sentiment six-month-from-now as the Omicron wave peaked in the region and is beginning to ease.

China's services PMI weakened in January:

- China's Caixin Services PMI fell to 51.4 in January, from 53.1 in December, reflecting softer business conditions at the start of the year as growth momentum slowed amid the renewed increase in Covid-19 cases and subsequent measures to curb the virus.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,091.13	0.00
S&P 500	4,483.87	-0.37
NASDAQ	14,015.67	-0.58
Stoxx 600	465.28	0.68
FTSE 100	7,573.47	0.76
Nikkei 225	27,248.87	-0.70
Hang Seng	24,579.55	0.03
Straits Times	3,366.48	1.05
KLCI 30	1,530.65	0.52
FX		
Dollar Index	95.40	-0.09
EUR/USD	1.1442	-0.06
GBP/USD	1.3536	0.04
USD/JPY	115.10	-0.14
AUD/USD	0.7126	0.76
USD/CNH	6.3626	-0.01
USD/MYR	4.1840	0.12
USD/SGD	1.3435	-0.17
Commodities		
WTI ($/bbl)	91.32	-1.07
Brent ($/bbl)	92.69	-0.62
Gold ($/oz)	1,820.60	0.77

Source: Bloomberg, HLBB Global Markets Research

Japan's negative real cash earnings growth weighed on consumption:

- Japan's cash earnings fell 0.2% y/y in December (Nov: +0.8%), snapping a nine-month gaining streak. This was driven by the lower bonus payment (-0.9% y/y) when compared to the same month last year. Regular pay growth held steadily at 0.2% y/y while overtime payment jumped 4.8% y/y, accelerating from 2.9% y/y in the previous month, indicating a surge in corporate activity. Total hours worked also picked up by 1.1% y/y. However, real earnings growth turned even more negative at -2.2% y/y (Nov: -0.8%) amid higher inflation. This, in turn, weighed on household spending in the same month. Household spending dropped for the fifth consecutive month by 0.2% y/y (Nov: -1.3%) and rose only 0.1% m/m (Nov: -1.2% m/m), indicating that the post-reopening effect on consumer consumption has waned.

Singapore's PMI remained solid:

- The IHS Singapore PMI slipped to 54.4 in January, from 55.1 in December, indicating continuous but weaker business momentum last month although the rate of expansion remained well above the series average. This suggests that Singapore's private sector continued to grow at a strong pace in January, driven by foreign demand.

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
08/02	HK Markit Hong Kong PMI (Jan)	50.8
	AU NAB Business Confidence (Jan)	-12
	MA Industrial Production YoY (Dec)	9.4%
	US NFIB Small Business Optimism (Jan)	98.9
	US Trade Balance (Dec)	-$80.2b
09/02	AU Westpac Consumer Conf SA MoM (Feb)	-2.0%
	US MBA Mortgage Applications (04 Feb)	12.0%

Source: Bloomberg

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