9 March 2022

Global Markets Research

Daily Market Highlights

09-Mar: Bans on Russian oil & gas

Crude oil prices soared; US gasoline now at record high

Gold prices topped $2000/oz; treasury yields rose

US trade deficit swelled to record high in January

- The global equity markets saw extended losses on Tuesday as the Russia-Ukraine war raged on. US stocks ended lower after a choppy trading session; the Dow Jones and S&P 500 shed 0.6% and 0.7% respectively while NASDAQ fell 0.3%.

- President Biden announced the US ban on all imports of Russian oil and gas energy, sending crude oil prices higher overnight; US benchmark WTI rose 3.6% to $123.70/barrel while Brent Crude shot up by 3.9% to $127.98/barrel. The average price of US gasoline had surged to an all-time high of $4.17/gallon on Tuesday. The move is expected to worsen the current supply crunch and drive gasoline prices and inflation higher. The UK took a less dramatic step, as it said it will phase out Russian oil imports by the end of 2022.

- Treasury yields rose further on growing inflation concern. Yields were up by 4.1 to 7.6bps; the benchmark 10Y UST yield rose 7.2bps to 1.85%. The greenback recorded mixed performances against the G10 currencies; the euro strengthened alongside the Scandinavian currencies while the commodity and safe haven currencies weakened against the USD. The pound was steady. The dollar index closed 0.2% lower at 99.06.

- USD/MYR rose 0.08% higher to 4.1825 on Tuesday; the tiny increase was in line with our view that the MYR may remain relatively resilient against the stronger greenback. We are neutral on the pair today, expecting the pair to continue trading on a muted note and within a tight range as the MYR remains supported by higher commodity prices and positive economic outlook especially after the Prime Minister announced yesterday the reopening of the Malaysian border on 1 April.

- Gold prices rallied by 2.4% to $2,043.3/oz, driven by safe assets demand and higher inflation expectations, marking its first time above $2000/oz since August 2020.

US trade deficit swelled to record high; small biz sentiment weakened:

- The US trade deficit widened to a record high of $89.7b in January, up from $82.0b prior, reflecting the 1.2% m/m rise in imports value to an all-time high of $314.1b and the 1.7% m/m decline in exports. The sixth consecutive rise in imports confirmed that the US businesses continued to purchase goods from overseas to fulfil the strong domestic demand.
- The NFIB Small Business Optimism Index missed expectations as it slipped to 95.7 in February, from 97.1 in January as high inflation and the challenge to fill vacant positions remained top problems for US business owners last month.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	32,632.64	-0.56
S&P 500	4,170.70	-0.72
NASDAQ	12,795.55	-0.28
Stoxx 600	415.01	-0.51
FTSE 100	6,964.11	0.07
Nikkei 225	24,790.95	-1.71
Hang Seng	20,765.87	-1.39
Straits Times	3,148.86	-1.22
KLCI 30	1,546.87	-1.63
FX		
Dollar Index	99.06	-0.20
EUR/USD	1.0899	0.41
GBP/USD	1.3102	-0.02
USD/JPY	115.67	0.30
AUD/USD	0.7269	-0.66
USD/CNH	6.3258	-0.02
USD/MYR	4.1825	0.08
USD/SGD	1.3658	0.29
Commodities		
WTI ($/bbl)	123.70	3.60
Brent ($/bbl)	127.98	3.87
Gold ($/oz)	2,043.30	2.37

Source: Bloomberg, HLBB Global Markets Research

Eurozone's 4Q GDP growth unrevised at 0.3%:

- The Eurozone's 4Q GDP growth was unrevised at 0.3% q/q (3Q: +2.3%), painting a rather resilient economic picture despite the Omicron outbreak in the region. The y/y growth was also unchanged at 4.6% (3Q: +4.0%), bringing the full-year 2021 growth to 5.3% (2020: -6.4%).
- Meanwhile, employment rose by 0.5% q/q in 4Q (3Q: +1.0%), also unrevised from the initial reading. Employment was higher by 2.2% y/y compared to the same period in the previous year (3Q: +2.1%).

Australia's business confidence rose in February:

- Australia NAB Business Confidence Index jumped by 9pts to 13.0 in February, from 4.0 in January. The sharp improvement in business confidence reflects better business conditions (+7pts) as well as other sub-indicators from employment, profitability to forward orders as Australia's Omicron wave eased further in that month.

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DXY	97-100	96.15	96.40	96.30	96.30
EUR/USD	1.08-1.11	1.13	1.12	1.12	1.13
GBP/USD	1.31-1.34	1.34	1.33	1.35	1.36
AUD/USD	0.72-0.75	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	1.35-1.37	1.35	1.34	1.34	1.33

Rates, %	Current	1Q-22	2Q-22	3Q-22	4Q-22
Fed	0.00-0.25	0.25-0.50	0.75-1.00	1.25-1.50	1.25-1.50
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.50	0.75	1.00	1.00	1.00
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
09/03	CN PPI YoY (Feb)	9.1%
	CN CPI YoY (Feb)	0.9%
	US MBA Mortgage Applications (04 Mar)	-0.7%
	US JOLTS Job Openings (Jan)	10925k
10/03	NZ Card Spending Retail MoM (Feb)	3.0%
	UK RICS House Price Balance (Feb)	74.0%
	EZ ECB Deposit Facility Rate (10 Mar)	-0.5%
	US CPI YoY (Feb)	7.5%
	US Initial Jobless Claims (05 Mar)	215k

Source: Bloomberg

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