

10 March 2022

Global Markets Research

Daily Market Highlights

10-Mar: Stocks rebounded, oil prices plunged

US & European equities rebounded as investors bought the dip

Crude oil prices plunged over \$15/barrel as UAE said would support boosting output

Greenback weakened across most G10 currencies

- US and European stocks rebounded on Wednesday while oil prices plunged sharply amid a return of risk-on sentiment in another volatile trading session; The Dow Jones and S&P 500 picked up 2.0% and 2.6% respectively while tech-focus NASDAQ outperformed with 3.6% gains. Amazon's share price jumped in after-hours trading after the retailing giant announced a share split and a \$10b buyback plan, in a bid to make its share price more accessible for future investors. European key benchmarks such as the DAX and CAC 40 jumped by more than 7% as investors entered the markets for a bargain hunting following the recent selloffs.
- Treasury yields climbed further on Wednesday on intensifying inflation fear ahead of the release of the US CPI data. Yields rose 8.1 to 10.8bps across the board; the yield on the benchmark 10Y UST rose 10.8bps to 1.95%.
- The dollar slumped against all G10 currencies except the Japanese Yen as investors exited safe haven assets. The Swedish krona jumped 2.8%, followed by the euro and Danish krone as both currencies clocked in an impressive 1.6% gain in a single session. The dollar index suffered a 1.1% decline to 98.0.
- USD/MYR closed 0.09% higher at 4.1860 on Thursday, as the pair continued to record modest increase, in line with our view that the MYR remains relatively resilient. We are neutral to slightly bearish on the pair today, taking into account the broad-based selloff in the USD overnight.
- Crude oil prices saw a dramatic reversal of \$15/barrel amid emerging signs that OPEC may raise oil output. This came as the United Arab Emirates said that it would support increasing oil supply to the market as the western sanctions on Russian oil may cause supply disruption. Brent crude fell \$16.84/barrel or 13.1% to \$111.14/barrel. The US WTI was down by \$15/barrel or 12.1% to \$108.70/barrel.
- Gold prices plummeted by 2.7% to below \$2000/oz as demand for safe assets faltered; the bullion was last seen trading at \$1988.20/oz on Wednesday.

US job openings near record high in January:

- The JOLTS report showed that US job openings amounted to 11.3million in January, slightly down from the record high of 11.4million in December. This indicates that demand for workers remained high at the start of the year despite the Omicron outbreak which appeared to have little impact on the US labour market and the economy as a whole.
- Mortgage applications in the US rose 8.5% w/w last week (prior: -0.7% w/w) amid a broad-based drop in mortgage rates. Applications for home purchases picked up 8.6% alongside the 8.5% increase in refinancing applications.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,286.25	2.00
S&P 500	4,277.88	2.57
NASDAQ	13,255.55	3.60
Stoxx 600	434.45	4.68
FTSE 100	7,190.72	3.25
Nikkei 225	24,717.53	-0.30
Hang Seng	20,627.71	-0.67
Straits Times	3,195.38	1.48
KLCI 30	1,562.33	1.00
FX		
Dollar Index	98.00	-1.07
EUR/USD	1.1076	1.62
GBP/USD	1.3181	0.60
USD/JPY	115.83	0.14
AUD/USD	0.7322	0.73
USD/CNH	6.3233	-0.04
USD/MYR	4.1860	0.09
USD/SGD	1.3584	-0.54
Commodities		
WTI (\$/bbl)	108.70	-12.13
Brent (\$/bbl)	111.14	-13.16
Gold (\$/oz)	1,988.20	-2.70

Source: Bloomberg, HLBB Global Markets Research

China's CPI inflation unchanged in February:

- China's consumer price inflation held steady at 0.9% y/y in February (Jan: +0.9%), reflecting the continuous drop in prices of food (-1.8% y/y). Prices of pork, Chinese households' main source of protein, had fallen further. Core inflation softened to 1.1% y/y from 1.2% prior as the slower consumer demand outweighed spike in energy prices.
- Factory gate inflation slowed down but remained at an elevated level; the producer price inflation fell to 8.8% y/y in the same month, from 9.1% previously, and this trend may continue for a few months down the road due to the higher corresponding bases from last year.

Australia's consumer confidence plunged this month:

- The Westpac Consumer Confidence Index slipped 4.2% m/m in March, after having recorded a 1.3% decline in February. Australian consumer sentiment dropped sharply this month following the Russian invasion of Ukraine, as well as flooding in the country's northeast region as well as persistent concerns over inflation and higher rates.

New Zealand's retail card spending fell amid Omicron outbreak:

- New Zealand's retail card spending fell 7.8% m/m in February (Jan: +2.9%), marking its first decline in six months as the Omicron outbreak curtailed consumer expenditure. Spending on apparels dropped 14.4% m/m alongside the 3.0% and 5.7% drop in sales of durable goods and consumables. Fuel sales dropped 5.9% m/m as more people work from homes and resulted in less travelling.

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
10/03	EZ ECB Deposit Facility Rate (10 Mar)	-0.5%
	US CPI YoY (Feb)	7.5%
	US Initial Jobless Claims (05 Mar)	215k
11/03	NZ BusinessNZ Manufacturing PMI (Feb)	52.1
	NZ Food Prices MoM (Feb)	2.7%
	JP Household Spending YoY (Jan)	-0.2%
	JP BSI Large Manufacturing QoQ (1Q)	7.9
	MA Industrial Production YoY (Jan)	5.8%
	UK Monthly GDP (MoM) (Jan)	-0.2%
	UK Industrial Production MoM (Jan)	0.3%

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UK Visible Trade Balance GBP/Mn (Jan)	-£12.3b
US U. of Mich. Sentiment (Mar P)	62.8

Source: Bloomberg

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