

Global Markets Research
Daily Market Highlights

14-Jan: Tech selloff weighed on US stocks

NASDAQ suffered steep losses as investors exited tech sector

Treasury yields dipped after recent spikes; dollar showed stabilisation

US producer price inflation slowed; initial jobless claims rose unexpectedly

- US equities tumbled overnight, led by a major selloff in technology shares as investors weighed Fed officials' firmer signals to raise rates to fight inflation against the US Supreme Court's rejection of the Biden Administration's vaccination requirement rule for large private employers. The tech-focus NASDAQ index slumped 2.5%, followed by the S&P 500 which dropped 1.4% where the infotech and consumer discretionary sectors suffered the heaviest losses over 2%. The Dow recorded a more modest decline of 0.5%.
- Treasury yields fell after the recent spikes; the yield on the benchmark 10Y UST edged lower by nearly 4bps to 1.70%; the yield curve flattened. Federal Reserve Governor Lael Brainard said that the Fed could raise rates as soon as March this year after the process of asset tapering is concluded. Brainard testified before the Senate Banking Committee for her nomination to the Federal Reserve's Vice Chair.
- The dollar remained weak but saw some stabilisation. USD weakened against JPY, CHF, NZD, EUR and DKK among the G10s and held steadily against SEK, GBP, AUD and CAD. A sharp reversal was noted in NOK (-0.6%) after having jumped 1.5% in the previous session. The dollar index was little changed at 94.86 (-0.06%).
- USD/MYR closed 0.2% lower at 4.1760, marking its fifth consecutive session of decline since last Friday as the ringgit strengthened alongside its Asian counterparts against the US dollar. The USD weakness is expected to continue supporting the MYR, thus weighing on the pair in the short term, with immediate support at 4.1750 but some stabilisation in the USD overnight points to some consolidation around 4.1750-4.1800 ahead of the weekend.
- Meanwhile, gold prices fell 0.3% to \$1821.4/oz as investors took profit; Crude oil prices fell moderately after the recent rallies; Brent crude settled 0.2% lower at \$84.47/barrel and WTI closed 0.6% lower at \$82.12/barrel.

US producer price inflation slowed in December:

- Producer price index for final demand rose 0.2% m/m in December, a slowdown from the 1.0% growth in November; the trend was in line with the softer m/m CPI rate, adding to signs that inflation may be cooling off in the US economy. Prices of food and energy both declined in the last month of 2021 with the latter dipping by 3.3% m/m while services prices did pick up but at a smaller pace. On a y/y basis, producer price inflation slipped a little to 9.7% in December (Nov: +9.8%), nonetheless remaining elevated. In fact, the core PPI rate rose to 8.3% y/y (Nov: +7/9%).

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	36,113.62	-0.49
S&P 500	4,659.03	-1.42
NASDAQ	14,806.81	-2.51
Stoxx 600	486.05	-0.03
FTSE 100	7,563.85	0.16
Nikkei 225	28,489.13	-0.96
Hang Seng	24,429.77	0.11
Straits Times	3,257.30	0.07
KLCI 30	1,569.51	0.40
FX		
Dollar Index	94.86	-0.06
EUR/USD	1.1455	0.11
GBP/USD	1.3706	0.04
USD/JPY	114.20	-0.38
AUD/USD	0.7283	-0.01
USD/CNH	6.3645	0.03
USD/MYR	4.1760	-0.22
USD/SGD	1.3456	-0.01
Commodities		
WTI (\$/bbl)	82.12	-0.63
Brent (\$/bbl)	84.47	-0.24
Gold (\$/oz)	1,821.40	-0.32

Source: Bloomberg, HLBB Global Markets Research

Rise in first time jobless claims not a worrying sign:

- US initial jobless claims unexpectedly rose for the second consecutive to 230k for the week ended 8 January (prior: 207k), lower than the consensus forecast of 200k. The increase in layoffs may be attributed to the recent surge in the Omicron variant as firms might have temporarily shut down businesses amid labour shortages. The US labour market condition remains on a strengthening path, supported by strong hiring expectations and consumer demand.

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DXY	95-97	96.15	96.40	96.30	96.30
EUR/USD	1.12-1.14	1.13	1.12	1.12	1.13
GBP/USD	1.34-1.35	1.34	1.33	1.35	1.36
AUD/USD	0.70- 0.72	0.72	0.72	0.74	0.75
USD/JPY	115-116	115	116	115	114
USD/MYR	4.16-4.21	4.17	4.15	4.15	4.10
USD/SGD	1.35-1.37	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	0.25	0.25	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
14/01	AU Home Loans Value MoM (Nov)	-2.5%
	CN Exports YoY (Dec)	22.0%
	UK Monthly GDP (MoM) (Nov)	0.1%
	UK Industrial Production MoM (Nov)	-0.6%
	UK Visible Trade Balance GBP/Mn (Nov)	-£13934m
	EZ Trade Balance SA (Nov)	2.4b
	US Retail Sales Advance MoM (Dec)	0.3%
	US Import Price Index YoY (Dec)	11.7%
	US Industrial Production MoM (Dec)	0.5%
	US U. of Mich. Sentiment (Jan P)	70.6
17/01	JP Core Machine Orders MoM (Nov)	3.8%
	UK Rightmove House Prices YoY (Jan)	6.3%
	SG Non-oil Domestic Exports YoY (Dec)	24.2%
	CN Industrial Production YoY (Dec)	3.8%
	CN Fixed Assets Ex Rural YTD YoY (Dec)	5.2%
	CN GDP SA QoQ (4Q)	0.2%
	CN GDP YoY (4Q)	4.9%
	CN Retail Sales YoY (Dec)	3.9%

Source: Bloomberg

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