

22 February 2022

Global Markets Research

Daily Market Highlights

22-Feb: Global equity selloff deepened

Russia recognises independence of two breakaway Ukrainian regions

European stocks plunged amid higher risks of confrontation

PMI data showed activity rebound in Eurozone & UK

- Global equities sold off for another session as the concern of a potential confrontation between Russia and the West continued to grip the markets. Russia President Vladimir Putin announced that he will recognize the independence of two breakaway regions of eastern Ukraine, the self-proclaimed Republics of Donetsk and Luhansk, and said will take retaliatory measures against the West over its post-Cold War treatment of Russia.
- The US stock and bond markets were closed on Monday for Presidents' Day. The pan-European Stoxx Europe 600 plummeted 1.3%; The selloffs were more intense in France and Germany as the CAC 40 and DAX lost over 2.0%; the UK FTSE 100 was down by 0.4%. In Asia, most markets closed lower including the Nikkei 225 (-0.8%) and Hang Seng (-0.7%). US stock futures were seen falling this morning, pointing to a negative start to a new trading week.
- The USD saw mixed performances overnight leaving the dollar little changed (+0.04%) higher; Safe haven currencies namely the CHF and JPY led the gains among the G10 currencies. USD/MYR closed 0.1% lower at 4.1805 on Monday. We maintain a neutral to bullish outlook on USD/MYR this week, taking into account the potential escalation of Russia-Ukraine confrontation that may weigh on emerging market currencies. We continue to eye a range of 4.17-4.20.
- Brent crude rallied nearly 2.0% to \$95.39/barrel as a Russian confrontation would risk oil supply to Europe. The futures markets for gold and WTI were shut on Monday. Spot gold climbed 0.4% to \$1906.29/oz. Earlier, the PBOC kept both the 1Y and 5Y loan prime rates unchanged at 3.7% and 4.6% respectively. It had last slashed the rates in January as part of its plan to ease monetary policy this year.

Eurozone services activity accelerated in February:

- Latest PMI surveys showed that the Eurozone's business activity, particularly in the services sector accelerated in February, following the relaxation of the Covid-19 containment measures amid the easing supply chain pressures; the Markit Services PMI rose to 55.8 in February, from 51.1 prior whereas the manufacturing gauge held little changed at 58.4 (Jan: 58.7).

UK services PMI surged above 60:

- The UK Markit Services PMI for February exceeded expectations, coming in at an impressive 60.8, up from 54.1 prior. Services activity rebounded sharply after being held back at the start of the year by the Omicron wave. The manufacturing sector PMI was unchanged at 57.3, also an elevated level that reflects solid manufacturing conditions.

Japan's private sector activity contracted amid Omicron wave:

- PMIs for Japan fell deeper into the contractionary area according to the preliminary Markit PMI reports as the record Covid-19 cases and renewed

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones*	34,079.18	-0.68
S&P 500*	4,348.87	-0.72
NASDAQ*	13,548.07	-1.23
Stoxx 600	454.81	-1.30
FTSE 100	7,484.33	-0.39
Nikkei 225	26,910.87	-0.78
Hang Seng	24,170.07	-0.65
Straits Times	3,436.36	0.22
KLCI 30	1,582.69	-1.27
FX		
Dollar Index	96.08	0.04
EUR/USD	1.1311	-0.10
GBP/USD	1.3602	0.10
USD/JPY	114.74	-0.23
AUD/USD	0.7190	0.18
USD/CNH	6.3263	0.02
USD/MYR	4.1805	-0.13
USD/SGD	1.3463	0.02
Commodities		
WTI (\$/bbl)*	91.07	-0.75
Brent (\$/bbl)	95.39	1.98
Gold (\$/oz)*	1,898.60	-0.11

*Last price for 18 February 2022

Source: Bloomberg, HLBB Global Markets Research

restrictions weighed on economic activity this month. The Japan Jibun Bank Services PMI fell to 42.7 in February (Jan: 47.6) while the similar gauge for the manufacturing sector also slumped to 44.6 (Jan: 49.9); February marked the second month both PMI fell below 50.0. Japan's Omicron wave had started in January.

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	1.13-1.15	1.13	1.12	1.12	1.13
GBP/USD	1.35-1.37	1.34	1.33	1.35	1.36
AUD/USD	0.71-0.73	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

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
22/02	MA Foreign Reserves (15 Feb)	\$116.1b
	HK CPI Composite YoY (Jan)	2.4%
	US FHFA House Price Index MoM (Dec)	1.1%
	US S&P CoreLogic CS US HPI YoY NSA (Dec)	18.81%
	US Markit US Manufacturing PMI (Feb P)	55.5
	US Markit US Services PMI (Feb P)	51.2
	US Conf. Board Consumer Confidence (Feb)	113.8
	US Richmond Fed Manufact. Index (Feb)	8.0
23/02	AU Wage Price Index YoY (4Q)	2.2%
	NZ RBNZ Official Cash Rate (23 Feb)	0.75%
	SG CPI YoY (Jan)	4.0%
	EZ CPI YoY (Jan F)	5.0%
	US MBA Mortgage Applications	-5.4%
	HK GDP YoY (4Q F)	4.8%
	HK GDP Annual YoY (2021)	6.4%

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
 Level 8, Hong Leong Tower
 6, Jalan Damanlela
 Bukit Damansara
 50490 Kuala Lumpur
 Tel: 603-2081 1221
 Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

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