22 March 2022

Global Markets Research

Daily Market Highlights

22-Mar: Pullback in equities; extended oil gains

US stocks fell on Powell's hawkish comments on Monday

Oil extended advances with no end in sight to Russia-Ukraine war

Dollar index ended higher amid general strength against most G10 currencies

- US stocks pulled back as traders monitored a spike in oil prices and warning from Fed Chair Powell that interest rates could see 50bps increase going forward. The Dow Jones, S&P 500 and NASDAQ fell 0.04% -0.6%, to close out the day at 34,553, 4,461 and 13,838 respectively. European stocks too saw weakness from the Ukraine war whilst mixed results were seen across most of Asia. The Hang Seng Index closed 0.9% lower for the 2nd consecutive session. Expect attention to continue focussing on Russia-Ukraine and US interest rate updates going forward.

- US Treasuries saw yields surge to the highest since 2019 after Fed Chair Powell said that the Fed could hike by more than the expected 25bps in upcoming FOMC meetings to fight inflation. The 2-5Y sectors saw yields end higher by 18bps whilst the long-end ends rose less, by 10bps following concerns over the quantum of future rate hikes going forward. The benchmark 10Y UST jumped 14bps to 2.29%.

- In the FX market, the USD ended stronger against most G10 currencies save for the Norwegian and Danish Krone following Fed Chair Powell's hawkish comments. The dollar index jumped further by 0.3% to 98.50.

- USD/MYR scaled higher in Monday's session; hitting an intra-day high of 4.2052 but eventually closed 0.2% up at 4.2045 on Monday. On a related-matter, EM Asian currencies were mostly seen weaker against the greenback on Monday as traders weighed the possible economic impact arising from the lingering Russia-Ukraine war.

- Gold futures edged a mere 0.01% higher to $1929.50/oz, reversing prior day's weakness. Crude oil prices continued its upward march as the Russia-Ukraine war drags to almost 1-month with no conclusion in sight. Both WTI and Brent Crude jumped higher by 7.1% with the former closing at $112.12/barrel while the later at $115.62/barrel

US Chicago Fed Nat Activity Index edged lower in Feb

- The index also known as CFNAI which gauges overall economic activity and related inflationary pressures saw a pullback to 0.51 in February 2022 (Jan: revised lower from 0.69 to 0.59), pointing to a slight decrease in economic growth. Production-related indicators contributed 0.22, down slightly from 0.25 in January; whilst the contribution of the personal consumption and housing category fell to -0.04 from 0.21.

UK Rightmove report see March house prices rise 1.7%

- The Rightmove report from UK saw March house prices increase by 1.7% m/m in January (Feb: +2.3% m/m). This is the 2nd consecutive month-on-month rise. All

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,552.99	-0.58
S&P 500	4,461.18	-0.04
NASDAQ	13,838.46	-0.40
Stoxx 600	454.79	0.04
FTSE 100	7,442.39	0.51
Nikkei 225	26,827.43	0.65
Hang Seng	21,221.34	-0.89
Straits Times	3,355.51	0.75
KLCI 30	1,587.16	-0.26
FX		
Dollar Index	98.50	0.27
EUR/USD	1.1016	-0.32
GBP/USD	1.3169	-0.07
USD/JPY	119.47	0.25
AUD/USD	0.7400	-0.20
USD/CNH	6.3711	0.06
USD/MYR	4.2045	0.23
USD/SGD	1.3577	0.08
Commodities		
WTI ($/bbl)	112.12	7.09
Brent ($/bbl)	115.62	7.12
Gold ($/oz)	1,929.50	0.01

Source: Bloomberg, HLBB Global Markets Research sectors of the market are reported to experience brisk conditions with supply and demand metrics yet to reach equilibrium.

No change to China's Loan Prime Rates

- The 1-year and 5-year loan prime rates in China stayed pat at 3.70% and 4.60% respectively, which may be construed as a pause in an easing cycle. This is the second month in a row that the LPR is unchanged after declining in January this year. The stronger-than expected economic activity and data is deemed to have encouraged the PBOC to respond less aggressively for now.

Hong Kong CPI picked up less than expected in February

- Hong Kong's consumer prices for February rose 1.6% y/y (Jan: +1.2%) mainly due to the increases in basic food prices such as the prices of fresh vegetables for which supply was affected due to epidemic-induced transport disruptions. Other components that showed visible increases include energy-related items, clothing, footwear and also transport. The consumer prices notably reflected greater volatility during the first (two) months of the year due to the Lunar New Year period. On a seasonally-adjusted basis, the average monthly rate of increase in the composite CPI for the 3-month period ending February 2022 was 0.2%; similar to that for the same period ending January 2022.

House View and Forecasts

FX	This Week	1Q-22	2Q-22	3Q-22	4Q-22
DXY	97-99	96.15	96.40	96.30	96.30
EUR/USD	1.09-1.11	1.13	1.12	1.12	1.13
GBP/USD	1.30-1.33	1.34	1.33	1.35	1.36
AUD/USD	0.73-0.75	0.72	0.72	0.74	0.75
USD/JPY	116-119	115	116	115	114
USD/MYR	4.17-4.22	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	0.25-0.50	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	0.75	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
22/03	US Richmond Fed Manufact. Index (Mar)	1.0
	SG CPI YoY (Feb)	4.0%
	JP Machine Tool Orders YoY (Feb F)	31.6%
	UK CPI YoY (Feb)	5.5%
23/03	US MBA Mortgage Applications (18 Mar)	--
	US New Home Sales MoM (Feb)	-4.5%

Source: Bloomberg

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