

23 March 2022

Global Markets Research

Daily Market Highlights

23-Mar: Rebound in equities; lower USD and oil

US stocks rise on expectations of decent growth and strong labour market

Oil corrected amid ongoing Russia-Ukraine backdrop

USD traded generally weaker against G10 currencies

- US stocks ended higher on Tuesday, shaking off the jitters that followed Fed Chair Powell's earlier hawkish remarks. The Dow Jones, S&P 500 and NASDAQ eased 0.7% -2.0%. European stocks also advanced earlier whilst most Asian markets were similarly in positive territory with the Hang Seng Index jumping 3.2% higher. US equities may continue to be supported by decent growth and strong labour market in the US despite all eyes on the Russia-Ukraine war and US interest rate chatters going forward.
- US Treasuries saw deeper sell-off after Fed Chair Powell said that the Fed could take more aggressive measures to tame inflation. Benchmark yields ended higher between 4-9bps, at multi-year highs with losses led by the much-watched 10Y sector. Traders priced in 90% probability of a 50bps rate hike in the upcoming FOMC meeting in May, up from 80% yesterday. The benchmark 10Y UST jumped 9bps to 2.38%.
- In the FX market, the Dollar Index ended just a tad weaker (-0.01%) to 98.49. The USD weakened against most G10 currencies, the most against the Aussie and Sterling. AUD/USD gained close to 1.0% whilst GBP/USD strengthened 0.7%. Elsewhere, the JPY weakened the most against the greenback by 1.1%.
- USD/MYR continued its steady march upwards to a 3-month high in Tuesday's session; hitting an intra-day high of 4.2200 before closing up 0.3% at 4.2172. The earlier hawkish comments from Fed Chair Powell continued to reverberate, weighing on EM currencies. Nevertheless, elevated oil prices is expected to buffer the MYR going forward from some risk-off sentiments due to the ongoing Russia-Ukraine war.
- Gold futures fell 0.4% to \$1921.50/oz, reversing prior day's strength. Crude oil prices took a breather from its upward resumption path despite EIA crude oil inventory reports of US stockpiles falling further amid the ongoing Russia-Ukraine war. Both WTI and Brent Crude eased slightly between 0.1-0.3% with the former closing at \$111.76/barrel while the later at \$115.48/barrel.

US Richmond Fed Manufacturing Index jumped more than expected in March

- The Federal Reserve bank of Richmond saw drastic improvement in manufacturing activity with the composite manufacturing index rising sharply to 13 (Feb: 1) surpassing median estimates polled at 2 (that is between -5 to +13) with most rises seen in categories like new order volume, order backlogs, capacity utilization and also shipments. Other components that included finished goods and raw materials inventories remained low with many firms expecting the situation to persist for the foreseeable future.

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	34,807.46	0.74
S&P 500	4,511.61	1.13
NASDAQ	14,108.82	1.95
Stoxx 600	458.65	0.85
FTSE 100	7,476.72	0.46
Nikkei 225	27,224.11	1.48
Hang Seng	21,889.28	3.15
Straits Times	3,350.17	-0.16
KLCI 30	1,585.81	-0.09
FX		
Dollar Index	98.49	-0.01
EUR/USD	1.1029	0.12
GBP/USD	1.3262	0.71
USD/JPY	120.80	1.11
AUD/USD	0.7470	0.95
USD/CNH	6.3765	0.08
USD/MYR	4.2172	0.30
USD/SGD	1.3566	-0.08
Commodities		
WTI (\$/bbl)	111.76	-0.32
Brent (\$/bbl)	115.48	-0.12
Gold (\$/oz)	1,921.50	-0.41

Source: Bloomberg, HLBB Global Markets Research

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	116-121	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
23/03	SG CPI YoY (Feb)	4.0%
	JP Machine Tool Orders YoY (Feb F)	31.6%
	UK CPI YoY (Feb)	5.5%
	US MBA Mortgage Applications (18 Mar)	--
	US New Home Sales MoM (Feb)	-4.5%
24/03	EZ Consumer Confidence (Mar A)	-8.8
	JP Jibun Bank Japan PMI Services (Mar P)	44.2
	JP Jibun Bank Japan PMI Mfg (Mar P)	52.7
	EZ Markit Eurozone Manufacturing PMI (Mar P)	58.2
	EZ Markit Eurozone Services PMI (Mar P)	55.5
	UK Markit/CIPS UK Services PMI (Mar P)	60.5
	UK Markit UK PMI Manufacturing SA (Mar P)	58.0
	US Durable Goods Orders (Feb P)	1.6%
	US Initial Jobless Claims (19 Mar)	--
	US Cap Goods Orders Nondef Ex Air (Feb P)	1.0%
	US Markit US Manufacturing PMI (Mar P)	57.3
	US Markit US Services PMI (Mar P)	56.5
	US Kansas City Fed Manf. Activity (Mar)	29.0

Source: Bloomberg

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