

# Daily Market Report

Monday, January 24, 2022

## Market Commentary

- ▶ **FOMC Meeting.** The Fed meets this week, and is expected to signal its first interest-rate hike since 2018, paving the way for a March move. Goldman sees a risk the Fed will tighten monetary policy more aggressively this year than anticipated. Economists led by Jan Hatzius said that while their current baseline is four 2022 interest-rate hikes, inflation pressures mean the "risks are tilted somewhat to the upside."
- ▶ **Turkish Lira Dip.** Turkey's banking regulator advised commercial lenders not to distribute dividends from profits in 2021 after the lira's slump eroded cash buffers. The Turkish Banking Regulation and Supervision Agency passed its recommendation via the local banking association, but hasn't formally banned dividend payments. Separately, Nureddin Nebati told economists he expects inflation to peak at about 40% in coming months, people familiar said. Turkey's inflation rate hit 36.1% in December.
- ▶ **U.S. Equity Futures Rebound.** U.S. equity futures rebounded Monday and Asian stocks came off session lows as traders weighed the likely impact of Federal Reserve monetary-policy tightening. Treasury yields and crude oil climbed. Shares eked out gains in Japan and China but technology stocks in Hong Kong retreated. The advance in S&P 500 and Nasdaq 100 contracts stirred tentative hopes of some respite after one of the worst stretches for global shares last week since the pandemic began. European futures wavered.
- ▶ **China Yields Dip.** Benchmark Chinese government bond yields on Monday fell through a key level for the first time in nearly 20 months after the central bank announced its latest rate cut and as expectations grow for the easing to stabilise the slowing economy. China's 10-year yield slipped below 2.7% for the first time since May 28, 2020, falling 2 bps in early trade to 2.685% before retracing. It last stood at 2.72%.
- ▶ **Evergrande Shares Rise.** China Evergrande Group shares rose on Monday after it named a state firm official to its board, while two of its peers sold some assets to state-owned entities, aimed hopes of growing government intervention to aid the crisis-hit property sector. Evergrande's assets are expected to be taken over by state-owned firms in a restructuring led by the provincial government of Guangdong, where the developer is based, and the naming of an official from a unit of a state asset manager to its board could signal the restructuring was moving forward.
- ▶ **Virus Update.** Anthony Fauci expressed optimism the omicron surge will soon peak but said the decline won't be uniform across the U.S. EU countries agreed not to add restrictions on vaccinated travelers, and Germany will probably keep its current curbs in place. Hong Kong reported the highest number of cases in about a year, and a cluster in Beijing continues to grow. New Zealand tightened restrictions and as a result PM Jacinda Ardern called off her wedding.
- ▶ **Bitcoin Steady.** The selling pressure in the global market eased Monday after massive declines across digital tokens last week. Bitcoin, the largest cryptocurrency by market value, traded at about \$35,350. It touched a low of \$34,042.77 over the weekend, a loss of more than 50% from its all-time high in November. Over the past seven trading days, Bitcoin has shed around 18% of its value compared with some 25% for Ether.
- ▶ **Oil Price Rise.** Oil pushed higher at the week's open as investors weighed prospects for rising demand as the omicron virus wave fades in key economies. Global benchmark Brent rose toward \$89 a barrel a run of five straight weekly gains, the best streak since October. President Joe Biden's chief medical adviser, Anthony Fauci, expressed optimism at the weekend that the surge in the new variant will soon peak. That could underpin improved consumption as more workers return to offices and people travel more.
- ▶ **Gold Steady.** Gold was steady as investors weighed concerns over a less accommodative Federal Reserve against the plunge in cryptocurrencies, which provided an element of support for the tradition haven asset. The Fed is expected to signal that it will raise interest rates in March for the first time in more than three years and shrink its balance sheet soon after, economists surveyed by Bloomberg said. The policy-setting FOMC meets on Tuesday and Wednesday. Bullion has slipped from a two-month high as traders brace for higher rates, with the advance in inflation-adjusted bond yields diminishing the appeal for the non-interest bearing asset. Spot gold fell 0.1% to \$1,833.43, after rising 1% last week. Silver and palladium declined, while platinum was little changed.

### Interbank Offer Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	-	0.1961	-0.573	0.146	0.600	1.017
1MO	0.1077	0.194	-0.559	0.220	0.716	1.522
2MO	-	0.1278	-0.336	-	-	1.542
3MO	0.2577	0.1042	-0.552	0.414	0.947	1.567
6MO	0.4444	0.0773	-0.522	0.682	1.060	1.650
12MO	0.7986	0.0634	-0.462	0.871	1.190	1.783

Country	Indicator	Cons.	Prev.
US	Markit US Manufacturing PMI	56.7	57.7
UK	Markit UK PMI Manufacturing	57.6	57.9
EC	Markit Eurozone Manuf. PMI	57.5	58.0
GE	Markit/BME Germany Manuf. PM	57.0	57.4

Source: Bloomberg, Reuters

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Currencies	Last Price	1 Day	Net Chg	Day Low	Day High	1 Month	2021 Close	YTD	1Y	52Wk Low	52Wk High	
EURUSD	1.1326	↓	-0.16%	-0.0018	1.1315	1.1357	0.06%	1.137	-0.4%	-6.7%	1.1186	1.2266
GBPUSD	1.3542	↓	-0.08%	-0.0011	1.3534	1.3566	1.17%	1.3532	0.1%	-1.0%	1.3163	1.4248
AUDUSD	0.7159	↓	-0.36%	-0.0026	0.7153	0.7188	-0.86%	0.7263	-1.4%	-7.2%	0.6993	0.8007
NZDUSD	0.6709	↓	-0.12%	-0.0008	0.6705	0.6728	-1.73%	0.6826	-1.7%	-6.8%	0.6702	0.7465
USDCHF	0.9131	↑	0.18%	0.0016	0.9116	0.9143	-0.65%	0.9129	0.0%	2.8%	0.8848	0.9473
USDJPY	113.75	↑	0.06%	0.07	113.63	113.98	-0.55%	115.08	-1.2%	9.6%	103.56	116.35
USDCAD	1.2583	→	0.02%	0.0002	1.2555	1.2588	-1.81%	1.2637	-0.4%	-1.2%	1.2007	1.2964
USDCNY	6.3318	↓	-0.11%	-0.0069	6.3307	6.3354	-0.63%	6.3561	-0.4%	-2.0%	6.3307	6.5793
USDKWD	0.30225	→	-0.03%	-0.0001	0.30225	0.30225	-0.15%	0.3025	-0.1%	-0.2%	0.3003	0.30295
Bitcoin	35,236.52	↓	-0.36%	-127.94	34,966.01	36,524.20	-30.79%	46,333.65	-23.95%	10.35%	28,824.32	68,991.85

Commodities	Last Price	1 Day	Net Chg	Day Low	Day High	1 Month	2021 Close	YTD	1Y	52Wk Low	52Wk High	
Brent	88.45	↑	0.64%	0.56	87.65	88.90	16.70%	77.78	13.72%	68.06%	54.60	89.50
WTI	85.66	↑	0.61%	0.52	84.75	86.09	20.95%	75.21	14.40%	71.73%	51.64	87.91
Gold	1,838.24	↑	0.16%	2.86	1,831.76	1,839.66	2.74%	1,829.20	0.49%	-1.70%	1,676.89	1,916.64
Silver	24.1373	↓	-0.66%	-0.1602	24.09	24.31	7.19%	23.31	3.56%	-6.94%	21.42	30.10
Platinum	1,035.55	↑	0.20%	2.06	1,029.33	1,039.48	10.40%	968.74	6.90%	-8.42%	897.39	1,339.73
Palladium	2,110.50	→	-0.03%	-0.69	2,091.85	2,130.30	17.50%	1,904.84	10.80%	-10.94%	1,541.65	3,018.82

Rates	Last Price	1 Day	Net Chg	Day Low	Day High	1 Month	2021 Close	YTD	1Y	52Wk Low	52Wk High	
US Gov 2YR	1.0306	↑	2.92%	0.0292	1.0158	1.0363	54.63%	0.7322	40.75%	766.78%	0.0972	1.0715
US Gov 10YR	1.7617	↑	0.20%	0.0036	1.7564	1.783	20.52%	1.5101	16.66%	59.31%	0.9941	1.9006
US Swap 5YR	1.6613	↑	0.99%	0.0163	1.6469	1.6777	22.51%	1.3695	21.31%	231.73%	0.4895	1.784
US Swap 10YR	1.823	↑	0.19%	0.0034	1.8185	1.8435	18.25%	1.581	15.31%	62.77%	1.0348	1.9638
UK Gilts 2YR	0.882	↓	-1.89%	-0.017	0.849	0.893	42.72%	0.687	28.38%	924%	-0.151	0.951
UK Gilts 10YR	1.171	↓	-4.41%	-0.054	1.133	1.209	34.14%	0.971	20.60%	253.78%	0.243	1.301
EU Gov 2YR	-0.617	↑	0.16%	0.001	-0.623	-0.616	11.73%	-0.62	0.48%	11.82%	-0.79	-0.547
EU Gov 10YR	-0.063	↑	3.08%	0.002	-0.067	-0.061	79.41%	-0.177	64.41%	87.30%	-0.567	0.022
SAR Swap 2YR	1.958	↑	1.40%	0.027	1.92	1.99	15.04%	1.745	12.21%	100.82%	0.5975	2.001
SAR Swap 10YR	3.0229	↑	1.95%	0.0579	2.96	3.0242	7.20%	2.8665	5.46%	11.51%	2.415	3.1468
SAIBOR 3M	0.94714	↓	-0.30%	-0.00286	0.94714	0.94714	5.74%	0.90571	4.57%	15.86%	0.79143	0.95
EIBOR 3M	0.41354	↓	-0.10%	-0.00042	0.41354	0.41354	2.74%	0.36445	13.47%	15.64%	0.22748	0.47173
BHIBOR 3M	1.5667	→	0.00%	0	1.5667	1.5667	3.30%	1.5167	3.30%	-29.85%	1.2333	2.2333

Indices	Last Price	1 Day	Net Chg	Day Low	Day High	1 Month	2021 Close	YTD	1Y	52Wk Low	52Wk High	
DJIA	34,265.37	↓	-1.30%	-450.02	34,229.55	34,896.67	-4.69%	36,338.30	-5.70%	10.54%	29,856.30	36,952.65
S&P 500	4,397.94	↓	-1.89%	-84.79	4,395.34	4,494.52	-6.94%	4,766.18	-7.73%	14.49%	3,694.12	4,818.62
NASDAQ	13,768.92	↓	-2.72%	-385.1	13,764.24	14,171.72	-12.04%	15,644.97	-11.99%	1.67%	12,397.05	16,212.23
DAX	15,603.88	↓	-1.94%	-308.45	15,456.87	15,728.29	-0.97%	15,884.86	-1.77%	12.47%	13,310.95	16,290.19
Nikkei 225	27,588.37	↑	0.24%	66.11	27,203.33	27,627.60	-4.15%	28,791.71	-4.18%	-3.64%	26,954.81	30,795.78
CAC 40	7,068.59	↓	-1.75%	-125.57	7,013.49	7,122.06	-0.25%	7,153.03	-1.18%	27.14%	5,379.22	7,384.86
FTSE 100	7,494.13	↓	-1.20%	-90.88	7,450.49	7,585.01	1.66%	7,384.54	1.48%	11.94%	6,397.24	7,619.01
Shanghai Compos	3,524.11	→	0.04%	1.537	3,500.14	3,531.61	-2.60%	3,639.78	-3.18%	-2.29%	3,312.72	3,731.69
EURO STOXX 50	4,229.56	↓	-1.63%	-70.05	4,188.93	4,278.18	-0.60%	4,298.41	-1.60%	17.41%	3,473.76	4,415.23
DFMGI	3,172.15	↓	-1.17%	-37.67	3,159.77	3,209.34	0.88%	3,195.91	-0.74%	16.80%	2,481.44	3,300.97
Abu Dhabi	8,680.49	↓	-0.29%	-25.46	8,630.13	8,705.95	2.95%	8,488.36	2.26%	54.65%	5,551.34	9,076.96
Tadawul	12,120.67	↓	-0.16%	-19.16	12,117.39	12,174.81	7.53%	11,281.71	7.44%	37.27%	8,464.47	12,291.05
Qatar Exchange	12,479.90	↓	-0.07%	-8.19	12,462.55	12,502.76	6.70%	11,625.81	7.35%	16.56%	9,950.54	12,624.05
Boursa Kuwait	7,351.76	→	0.02%	1.14	7,349.52	7,359.98	4.41%	7,043.16	4.38%	28.65%	5,639.68	7,450.48
Bahrain Bourse	1,815.01	→	0.03%	0.47	1,814.54	1,815.95	1.99%	1,797.25	0.99%	24.85%	1,452.33	1,818.88
Muscat Securities 30	4,209.38	↓	-0.36%	-15.05	4,209.38	4,224.43	2.05%	4,129.54	1.93%	12.84%	3,547.96	4,277.59

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