

# Daily Market Report

Wednesday, December 29, 2021

## Market Commentary

- ▶ **Bitcoin Holds Drop.** Bitcoin is holding onto its recent drop, leaving the token on course for its worst monthly drop since the cryptocurrency rout in May. The volatile token was trading at about \$48,000 as of 1:40 p.m. Wednesday in Singapore, following a near 7% drop from a day earlier. It's retreated some 16% this month, while the wider crypto universe has shed about \$260 billion of market value over the period, according to tracker CoinGecko.
- ▶ **China Beige Book.** Chinese companies reduced investment and remained reluctant to borrow in the fourth quarter, with small business' financing costs soaring despite favorable policies, according to China Beige Book International. Only the retail and manufacturing sectors borrowed more when comparing to the third quarter, the CBBI said in a report released Wednesday, while services growth slowed "across the board." In addition, it became more expensive for smaller firms to borrow, with the gap between the interest rates on loans for small and large companies surging to 2.73 percentage points, the highest level since the survey began in 2012, according to the report.
- ▶ **Mexico to Halt Oil Exports.** Mexico plans to halt crude oil exports in 2023 as part of President Andres Manuel Lopez Obrador's nationalist goal of self-sufficiency in fuel production. Petroleos Mexicanos, the Mexican state-owned producer known as Pemex, will reduce daily crude exports next year by more than half to 435,000 barrels before phasing out sales to foreign customers the following year. The ambitious -- and some say improbable -- endeavour is part of Lopez Obrador's drive to expand homegrown production of gasoline and diesel that Mexico now mostly buys from U.S. refiners. If fulfilled, Pemex's pledge will mark the exit from international oil markets of one of its most prominent players of the past decades.
- ▶ **Dollar's 2022 Bets.** Investors are primed for the dollar to climb next year. Everyone from Morgan Stanley to Sumitomo Mitsui Trust Asset Management to Lombard Odier predict a stronger greenback in 2022 -- with the caveat that its advance will be tempered. That's because traders have been front-running a hawkish Federal Reserve, opting to buy the world's reserve currency against virtually all of its peers before borrowing costs rise. Hedge funds' net long bets on the currency have climbed to the highest since June 2019 as anticipation builds around the impact of tighter U.S. monetary policy.
- ▶ **China's Overnight Repo.** China's overnight interbank borrowing rate fell to the lowest level since January as the central bank added more liquidity into the financial system via open market operations. Overnight repo rate fell 29bps to 1.28%, lowest since Jan. 12. The decline came after the People's Bank of China injected a combined 400 billion yuan (\$62.8 billion) into the money market in the past two days, far exceeding the 20 billion yuan that came due.
- ▶ **U.K. Household Income.** U.K. households are heading into the "year of the squeeze" as surging energy bills and faster inflation eat into incomes, according to the Resolution Foundation think tank. In a grim report days before the New Year holiday, it said real wages will effectively stagnate in 2022, rising just 0.1%. In three years, they'll be 740 pounds (\$996) a year lower than if the pre-pandemic wage trend had continued. U.K. inflation has already breached 5% and may hit 6% early next year, the highest in three decades.
- ▶ **European Gas Declining Streak.** European natural gas extended its declining streak to the longest in more than a year as shipments from the U.S. look set to ease the region's energy crunch. The number of U.S. LNG cargoes heading for European ports jumped by one-third over the weekend. The number of U.S. LNG cargoes heading for European ports jumped by one-third over the weekend.
- ▶ **China's Economy.** China's economy expanded at a moderate pace in the final month of the year, supported by better business sentiment, easing factory inflation pressures and faster car sales. However the slumping property sector and slowing external demand are clouding the outlook for the world's second-largest economy. That's the outlook from Bloomberg's aggregate index of eight early indicators for this month.
- ▶ **Virus Update.** The fast-spreading omicron variant has pushed worldwide Covid-19 cases above 1 million for a second straight day. Rapid tests that are widely used to detect infections may miss some cases caused by omicron, the U.S. Food and Drug Administration said. The omicron variant that's taking the world by storm is not "the same disease we were seeing a year ago," a University of Oxford immunologist said, reinforcing reports about the strain's milder nature. Covid-19 hospitalizations in New York state are accelerating at a rate that hasn't been seen since the early days of the pandemic.

### Interbank Offer Rates

|      | USD    | GBP     | EUR      | AED   | SAR   | BHD   |
|------|--------|---------|----------|-------|-------|-------|
| 1WK  | 0.0733 | 0.1855  | -0.618   | 0.183 | 0.607 | 1.017 |
| 1MO  | 0.1013 | 0.17688 | -0.656   | 0.226 | 0.707 | 1.505 |
| 2MO  | 0.1494 | 0.21738 | -0.6063  | -     | -     | 1.492 |
| 3MO  | 0.2179 | 0.24975 | -0.592   | 0.347 | 0.901 | 1.517 |
| 6MO  | 0.3433 | 0.46875 | -0.561   | 0.528 | 0.973 | 1.623 |
| 12MO | 0.5671 | 0.82288 | -0.48871 | 0.847 | 1.054 | 1.767 |

| Country | Indicator                         | Cons. | Prev. |
|---------|-----------------------------------|-------|-------|
| US      | Wholesale Inventories (MoM) (NOV) | 1.50% | 2.30% |
| US      | Pending Home Sales (MoM) (NOV)    | 0.80% | 7.5%  |

Source: Bloomberg, Reuters

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| Currencies | Last Price | 1 Day | Net Chg | Day Low | Day High  | 1 Month   | 2020 Close | YTD       | 1Y     | 52Wk Low | 52Wk High |           |
|------------|------------|-------|---------|---------|-----------|-----------|------------|-----------|--------|----------|-----------|-----------|
| EURUSD     | 1.1302     | ↓     | -0.07%  | -0.0008 | 1.1298    | 1.1315    | 0.10%      | 1.2216    | -7.5%  | -7.7%    | 1.1186    | 1.2349    |
| GBPUSD     | 1.3422     | ↓     | -0.09%  | -0.0012 | 1.3421    | 1.3442    | 0.80%      | 1.367     | -1.8%  | -0.6%    | 1.3163    | 1.4248    |
| AUDUSD     | 0.722      | ↓     | -0.12%  | -0.0009 | 0.7213    | 0.7236    | 1.08%      | 0.7694    | -6.2%  | -5.1%    | 0.6993    | 0.8007    |
| NZDUSD     | 0.679      | ↓     | -0.22%  | -0.0015 | 0.6789    | 0.681     | -0.51%     | 0.7184    | -5.5%  | -5.0%    | 0.6702    | 0.7465    |
| USDCHF     | 0.9177     | →     | 0.02%   | 0.0002  | 0.917     | 0.9179    | -0.60%     | 0.8852    | 3.7%   | 3.8%     | 0.8758    | 0.9473    |
| USDJPY     | 114.92     | ↑     | 0.09%   | 0.1     | 114.74    | 114.93    | 1.22%      | 103.25    | 11.3%  | 10.9%    | 102.59    | 115.52    |
| USDCAD     | 1.2827     | →     | 0.04%   | 0.0005  | 1.2812    | 1.2833    | 0.68%      | 1.2725    | 0.8%   | 0.1%     | 1.2007    | 1.2964    |
| USDCNY     | 6.372      | ↑     | 0.05%   | 0.0033  | 6.3705    | 6.3727    | -0.25%     | 6.5272    | -2.4%  | -2.5%    | 6.3424    | 6.5793    |
| USDKWD     | 0.30269    | →     | 0.03%   | 0.00008 | 0.30256   | 0.30277   | 0.02%      | 0.30411   | -0.5%  | -0.9%    | 0.29904   | 0.30753   |
| Bitcoin    | 47,859.54  | ↑     | 0.63%   | 298.24  | 47,347.78 | 48,146.38 | -17.93%    | 28,996.28 | 65.05% | 77.95%   | 28,824.32 | 68,991.85 |

| Commodities | Last Price | 1 Day | Net Chg | Day Low | Day High | 1 Month  | 2020 Close | YTD      | 1Y      | 52Wk Low | 52Wk High |          |
|-------------|------------|-------|---------|---------|----------|----------|------------|----------|---------|----------|-----------|----------|
| Brent       | 79.24      | ↑     | 0.38%   | 0.3     | 78.79    | 79.39    | 10.69%     | 51.80    | 56.94%  | 58.10%   | 50.56     | 86.70    |
| WTI         | 76.18      | ↑     | 0.26%   | 0.2     | 75.76    | 76.37    | 12.29%     | 48.52    | 60.99%  | 62.22%   | 47.18     | 85.41    |
| Gold        | 1,805.04   | ↓     | -0.06%  | -1.14   | 1,804.20 | 1,807.73 | 1.15%      | 1,898.36 | -4.92%  | -3.89%   | 1,676.89  | 1,959.35 |
| Silver      | 23.0756    | ↑     | 0.24%   | 0.0556  | 22.96    | 23.12    | 0.75%      | 26.40    | -12.60% | -11.97%  | 21.42     | 30.10    |
| Platinum    | 969.52     | ↓     | -0.96%  | -9.4    | 963.93   | 981.58   | 0.33%      | 1,072.12 | -9.57%  | -7.88%   | 897.39    | 1,339.73 |
| Palladium   | 1,952.56   | ↓     | -2.03%  | -40.54  | 1,948.16 | 1,997.40 | 8.71%      | 2,448.81 | -20.26% | -16.66%  | 1,541.65  | 3,018.82 |

| Rates         | Last Price | 1 Day | Net Chg | Day Low  | Day High | 1 Month | 2020 Close | YTD    | 1Y      | 52Wk Low | 52Wk High |         |
|---------------|------------|-------|---------|----------|----------|---------|------------|--------|---------|----------|-----------|---------|
| US Gov 2YR    | 0.7362     | ↓     | -1.84%  | -0.0138  | 0.7323   | 0.7441  | 47.83%     | 0.1211 | 507.93% | 519.18%  | 0.0972    | 0.752   |
| US Gov 10YR   | 1.4722     | ↓     | -0.57%  | -0.0085  | 1.4687   | 1.4756  | -0.06%     | 0.9132 | 61.21%  | 59.48%   | 0.9049    | 1.7742  |
| US Swap 5YR   | 1.3366     | ↓     | -0.98%  | -0.0132  | 1.3298   | 1.3585  | 5.02%      | 0.43   | 210.84% | 197.68%  | 0.4152    | 1.4962  |
| US Swap 10YR  | 1.5448     | ↓     | -0.62%  | -0.0097  | 1.5414   | 1.569   | -0.71%     | 0.9253 | 66.95%  | 62.25%   | 0.9051    | 1.7976  |
| UK Gilts 2YR  | 0.668      | →     | 0.00%   | 0        | 0.668    | 0.668   | 41.53%     | -0.16  | 517.50% | 643%     | -0.183    | 0.755   |
| UK Gilts 10YR | 0.925      | →     | 0.00%   | 0        | 0.925    | 0.925   | 12.12%     | 0.197  | 369.54% | 259.76%  | 0.154     | 1.22    |
| EU Gov 2YR    | -0.641     | ↑     | 0.31%   | 0.002    | -0.649   | -0.635  | 15.21%     | -0.7   | 8.43%   | 9.03%    | -0.79     | -0.573  |
| EU Gov 10YR   | -0.236     | ↑     | 2.88%   | 0.007    | -0.244   | -0.222  | 29.55%     | -0.569 | 58.52%  | 56.89%   | -0.614    | -0.065  |
| SAR Swap 2YR  | 1.709      | ↓     | -0.64%  | -0.011   | 1.695    | 1.97    | 13.10%     | 1.0221 | 67.20%  | 67.55%   | 0.5975    | 1.97    |
| SAR Swap 10YR | 2.84       | →     | 0.00%   | 0        | 2.84     | 2.85    | 0.71%      | 2.695  | 5.38%   | 5.62%    | 2.415     | 3.045   |
| SIBOR 3M      | 0.90143    | →     | 0.00%   | 0        | 0.90143  | 0.90143 | 6.77%      | 0.8175 | 10.27%  | 10.27%   | 0.79143   | 0.90143 |
| EIBOR 3M      | 0.3474     | ↓     | -25.11% | -0.11649 | 0.3474   | 0.3474  | -8.45%     | 0.5125 | -32.21% | -19.68%  | 0.22748   | 0.5125  |
| BHIBOR 3M     | 1.5167     | →     | 0.00%   | 0        | 1.5167   | 1.5167  | 0.00%      | 2.25   | -32.59% | -32.59%  | 1.2333    | 2.25    |

| Indices              | Last Price | 1 Day | Net Chg | Day Low | Day High  | 1 Month   | 2020 Close | YTD       | 1Y     | 52Wk Low | 52Wk High |           |
|----------------------|------------|-------|---------|---------|-----------|-----------|------------|-----------|--------|----------|-----------|-----------|
| DJIA                 | 36,398.21  | ↑     | 0.26%   | 95.83   | 36,302.99 | 36,527.26 | 4.29%      | 30,606.48 | 18.92% | 20.52%   | 29,856.30 | 36,565.73 |
| S&P 500              | 4,786.35   | ↓     | -0.10%  | -4.84   | 4,780.04  | 4,807.02  | 2.82%      | 3,756.07  | 27.43% | 28.42%   | 3,662.71  | 4,807.02  |
| NASDAQ               | 15,781.72  | ↓     | -0.56%  | -89.54  | 15,757.07 | 15,901.47 | 1.87%      | 12,888.28 | 22.45% | 23.25%   | 12,397.05 | 16,212.23 |
| DAX                  | 15,963.70  | ↑     | 0.81%   | 128.45  | 15,832.96 | 15,974.79 | 4.63%      | 13,718.78 | 16.36% | 17.49%   | 13,310.95 | 16,290.19 |
| Nikkei 225           | 28,906.88  | ↓     | -0.56%  | -162.28 | 28,729.61 | 29,106.28 | 2.20%      | 27,444.17 | 5.33%  | 4.86%    | 26,921.14 | 30,795.78 |
| CAC 40               | 7,181.11   | ↑     | 0.57%   | 40.72   | 7,141.67  | 7,187.76  | 5.97%      | 5,551.41  | 29.36% | 28.50%   | 5,379.22  | 7,187.76  |
| FTSE 100             | 7,372.10   | →     | -0.02%  | -1.24   | 7,368.83  | 7,403.65  | 4.66%      | 6,460.52  | 14.11% | 13.38%   | 6,397.24  | 7,403.65  |
| Shanghai Compos      | 3,598.33   | ↓     | -0.88%  | -31.778 | 3,596.32  | 3,630.92  | 1.00%      | 3,473.07  | 3.61%  | 6.49%    | 3,312.72  | 3,731.69  |
| EURO STOXX 50        | 4,311.93   | ↓     | 0.56%   | 23.95   | 4,287.11  | 4,319.69  | 4.93%      | 3,552.64  | 21.37% | 20.60%   | 3,473.76  | 4,415.23  |
| DFMGI                | 3,185.29   | ↓     | -0.43%  | -13.77  | 3,181.39  | 3,200.78  | 4.10%      | 2,491.97  | 27.82% | 26.15%   | 2,481.44  | 3,300.97  |
| Abu Dhabi            | 8,377.97   | ↓     | -0.16%  | -13.3   | 8,369.17  | 8,416.35  | -1.19%     | 5,045.32  | 66.05% | 64.30%   | 5,032.34  | 9,076.96  |
| Tadawul              | 11,315.32  | ↑     | 1.38%   | 154.28  | 11,193.48 | 11,315.32 | 4.67%      | 8,689.53  | 30.22% | 29.83%   | 8,464.47  | 11,954.88 |
| Qatar Exchange       | 11,668.39  | ↓     | -0.06%  | -6.88   | 11,660.55 | 11,668.90 | 1.72%      | 10,435.96 | 11.81% | 11.13%   | 9,950.54  | 12,041.89 |
| Boursa Kuwait        | 7,048.87   | →     | 0.04%   | 2.53    | 7,044.55  | 7,051.84  | 1.40%      | 5,546.04  | 27.10% | 26.36%   | 5,505.40  | 7,357.17  |
| Bahrain Bourse       | 1,791.56   | →     | 0.02%   | 0.33    | 1,791.23  | 1,791.56  | 2.14%      | 1,489.78  | 20.26% | 19.64%   | 1,445.26  | 1,796.34  |
| Muscat Securities 30 | 4,155.22   | ↑     | 0.34%   | 14.13   | 4,148.13  | 4,155.22  | 0.90%      | 3,658.77  | 13.57% | 14.09%   | 3,547.96  | 4,153.83  |

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