

# Daily Update

Your daily market news, moves  
and outlook



Monday, 17th of January

## Markets Outlook

**Equities:** Volatility is low on Monday morning as European markets move about half a percent higher, as investors shift their focus to earnings season and as Federal Reserve policymakers enter a quiet period ahead of their meeting next week. The Asian session was mostly positive overnight, after mixed results from China - coming in the form of GDP and Industrial Production picking up but Retail Sales falling. The VIX closed on Friday at \$19.19, and is expected to open slightly higher tomorrow.

**Currencies:** Dollar pairs will remain very quiet on Monday as American traders are away from their desks and US banks remain shut for the holiday, EUR/USD is currently at 1.142 after moving higher last week and GBP/USD in a similar boat at 1.368. We note that the Chinese Yuan edged about 0.1% higher vs USD to trade to 6.34, still near its 3-year high after the People's Bank of China cut its one-year rate by 0.1% to 2.85%. The Dollar may remain relatively subdued until we get further clarity from the Fed in just over a week.

**Safe-havens:** Gold is 0.2% stronger on Monday morning to \$1,820 after what has been a quiet few weeks for the precious metal. Gold has failed to rally recently despite near 40-year high inflation prints in the United States, with cryptocurrency markets and their rapidly growing market cap having likely taken some attention away from gold over the past year. Bond yields across the board took another step higher during Friday's session, with the US 2yr yield notably seeing fresh 24-month highs at 0.96%. This move comes as market participants all but fully price in the first interest rate increase to come from the Fed in March - with Fed Fund futures now indicating a 92% chance of a 25 bps hike for the US at the March meeting.

## Key Events to Watch

17/01/2022 - US Bank Holiday

18/01/2022 - BOJ Monetary Policy Decision

18/01/2022 - Eurozone Economic Sentiment

19/01/2022 - UK CPI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,662	0.08%	-2.17%
DAX	15,883	-0.93%	-0.01%
EuroStoxx	4,272	-1.01%	-0.61%
ISEQ	8,481	-1.78%	0.44%
FTSE	7,542	-0.28%	2.15%
Nikkei 225	28,333	0.74%	-1.59%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1414	-0.34%	0.50%
EUR/GBP	0.8345	-0.12%	-0.60%
GBP/USD	1.3673	-0.23%	1.14%
USD/CHF	0.9139	0.34%	0.21%
USD/JPY	114.20	0.03%	-0.56%
EUR/JPY	130.35	-0.32%	-0.05%

Fixed Income	Value	Daily Change
US 10yr	1.793	0.092
US 2yr	0.969	0.074
German 10yr	-0.049	0.037
Irish 10yr	0.331	0.035
UK 10yr	1.151	0.045
Japanese 10yr	0.145	-0.005

## Financial News Round Up

### The Week Ahead

Earnings season starts to heat up this week, with the financial sector in the US particularly in focus over the coming days. We believe the Q4 earnings season will also test growth stocks just as investors are bracing for the Federal Reserve to begin their rate hiking cycle. Tech investors will hope that a strong fourth quarter can undo the declines seen recently, which were driven by increasing bond yields and the prospect of a more hawkish Federal Reserve.

This week's important earnings releases will begin tomorrow: with results due from Bank of America, Charles Schwab, Goldman Sachs, Bank of New York Mellon and many more. These will be followed on Wednesday by UnitedHealth, Procter & Gamble, ASML, and Morgan Stanley - and on Thursday by Netflix, Costco, Union Pacific, and Investor AB. Friday will be quieter on the earnings front.

We note that markets across the board will likely remain quiet throughout the day, as US stock markets remain shut for a long weekend in observance of the Martin Luther King Day bank holiday.

Looking at data points, overnight China saw stronger than expected fourth quarter GDP data, coming in at 4.0% vs forecasts for 3.3%.

In the early hours of tomorrow morning the Bank of Japan will make its latest monetary policy decision, the BOJ is set to keep policy on hold but revise upwards its inflation projections. We will also see the release of Eurozone Economic Sentiment data tomorrow. On Wednesday both the UK and Canada will see important CPI inflation readings for December, the UK is notably expecting a y/y result of 5.2% for the first time since 2011.

Moving on, Thursday will see the release of the ECB's December meeting minutes, while on Friday we will get the UK's m/m Retail Sales for last month.

### Credit Suisse

News has emerged today that Credit Suisse chairman Antonio Horta-Osorio has stepped down following an internal probe into his personal conduct, which included breaches of Covid-19 rules. The investment bank's shares have traded about 1.6% lower after the news to 9.39 Swiss Francs, but still remaining near the middle of their 9.00 - 10.00 range of the past nine months. The Portuguese ex-chairman was appointed less than a year ago to arrest the alarming decline in the bank's value, after a series of poor errors of judgement by management, most notably including the collapsed private office Archegos and with disgraced Australian financier Lex Greensill.

### Chinese Data

There are some strong signs currently that China's economic rebound is slowing, after the world's second largest economy saw its best growth in a decade last year. While it did exceed analysts' forecasts, growth in Q4 hit a one and a half year low at 4.0%, causing the region's central bank (People's Bank of China) to cut its main interest rate for the first time since early 2020, by 0.1% to 2.85%

China expanded by 8.1% last year ahead of 8.0% forecasts, and after it had recorded its weakest results in 2020 for 44 years.