

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Tuesday, 22nd of February

Equities: European stock markets are roughly 1% lower at the time of writing on Tuesday, after shedding circa 2% of their value during yesterday's trading session. Volatility has increased over the past 24 hours as it has become clear that Vladimir Putin has ordered his troops into eastern Ukraine after recognising two Moscow-backed separatist regions. Investors will now watch to see what sanctions western allies impose on Russia.

Futures in the States are almost a percent weaker this morning, bringing the VIX up to \$30. Russian stocks have posted their largest fall since the global financial crisis, the country's MOEX index has sunk by 14% between yesterday and today.

Currencies: USD is steady on Tuesday, the Dollar index is flat at 96.01 despite the latest developments between Russia and the West. The long weekend in the US may have led to the relatively dull price action. Overnight however the Euro has lost some ground against the safe-haven Dollar and Japanese Yen amid the rising risk aversion on the continent.

Safe-havens: Gold is set to benefit as tensions increase and concerns about a full-blown war in Eastern Europe continue to rise. The precious metal is trading just shy of \$1,902 today, near its 8-month highs. Similarly, silver markets are rallying, half a percent stronger on Tuesday to \$24.11. Bond markets have been mixed so far this week and have actually seen fairly lackluster movement given the circumstances. Traders are likely awaiting clarity from the Fed next month before committing heavily to one side.

Looking ahead: Later today the US will release its Services and Manufacturing PMI results for the current month, both expected to improve on January's score. Tonight the Reserve Bank of New Zealand makes its latest rate decision - forecast to hike by 25bp to 1.00%. US GDP on Thursday and Core PCE inflation on Friday will both be watched very closely in the context of tighter policy from the Federal Reserve.

This afternoon Home Depot and Medtronic in the US will release Q4 earnings, followed tomorrow by Rio Tinto, Danone, Barclays, IRES REIT, and eBay. Towards the end of the week AXA, Lloyds Banking Group, Grafton Group, Alibaba, RBC, and Moderna will all release.

Key Events to Watch

22/02/2022 - US PMIs
23/02/2022 - BOE Monetary Policy Report Hearings
24/02/2022 - US GDP
25/02/2022 - US Core PCE inflation

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,348	(Closed)	-8.76%
DAX	14,731	-2.07%	-7.26%
EuroStoxx	3,985	-2.17%	-7.27%
ISEQ	8,061	-1.63%	-4.53%
FTSE	7,484	-0.39%	1.35%
Nikkei 225	26,449	-1.71%	-8.13%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1310	-0.06%	-0.63%
EUR/GBP	0.8315	-0.14%	-0.90%
GBP/USD	1.3598	0.05%	0.30%
USD/CHF	0.9156	-0.58%	0.41%
USD/JPY	114.74	-0.20%	-0.35%
EUR/JPY	129.77	-0.26%	-0.98%

Fixed Income	Value	Daily Change
US 10yr	1.873	-0.054
US 2yr	1.436	-0.033
German 10yr	0.200	-0.005
Irish 10yr	0.814	0.017
UK 10yr	1.402	0.015
Japanese 10yr	0.191	-0.005

Financial News Round Up

Russia-Ukraine

Geopolitical tensions have continued to increase over the past 24 hours, with Russia's eventual move into Ukrainian territory. The move, which was widely condemned by NATO members, has raised fears of significant conflicts in Ukraine and comes after leaders including France's Macron and Germany's Scholz failed to secure a diplomatic solution to the crisis.

Putin has made claims that his troops have entered Ukraine for "peacekeeping operations" after recognising the two separatist regions of Donetsk and Luhansk. This has been described by world leaders as a clear attack on Ukraine's sovereignty.

The United States and its western allies are poised to announce harsh new sanctions against Russia after the advancement, while UK PM Johnson stated that the "first barrage of UK economic sanctions" would be announced later today. Josep Borrell, the EU's top diplomat, said that member states were planning to agree on their own set of penalties "this afternoon".

In terms of market reactions, the sharp drop in Russian equities is the most stark, the Russian MOEX index has fallen by over 15% between yesterday and this morning. North American and European indices have both seen heightened volatility, with the VIX currently around the \$30 mark. Energy prices are of course sensitive to events in Ukraine, Brent and WTI Crude futures have both jumped by 3 to 4% over the past 24 hours and are approaching 7-year highs once again.

HSBC

Global asset manager and investment bank HSBC almost doubled its pre-tax profits to \$2.7b during the fourth quarter. The London-based bank said that full-year gross profits jumped by 115% to \$18.9b, missing consensus forecasts for \$19.1b.

Revenue for the 3-month period increased by 2% to \$12b, while adjusted profits before tax were \$21.9b (+79% surge). The annual results were boosted by a net release of \$900m in credit provisions as the global economy recovered from the Covid shock.

The shares initially opened about 3% lower, having since recovered most of this move and are now at £5.44. HSBC, along with much of the broad financial sector, has seen a strong start to the year, with the stock currently up 21.3% YTD.