

# Financial News & Events

14 January, 2022



## Currencies

The dollar extended its fall against a basket of currencies on Thursday to a two-month low, a day after data that showed an expected surge in U.S. consumer prices in December fell short of offering any new impetus for the Federal Reserve's policy normalization efforts. The U.S. Dollar Currency Index, which tracks the greenback against six major currencies, was down 0.1% at 94.866, its lowest since Nov.10. The index, which rose 6.3% in 2021, is down about 1% for the week, on pace for its worst weekly performance in about eight months. December's monthly U.S. inflation figures, published on Wednesday, were a fraction higher than forecast and the increase in year-on-year consumer price inflation was, as expected, 7% - its biggest jump since June 1982. Nevertheless, traders do not see these inflation readings as urgently shifting an already hawkish Fed too much. With at least three interest rate hikes already in the market price, some investors pared bets on further dollar gains. Sterling, which has been rallying as traders reckon Britain's economy can withstand a surge in COVID-19 cases and that the Bank of England is going to hike rates again as soon as next month, rose 0.16% to \$1.3727, its highest since late October. The Australian dollar, often considered a liquid proxy for risk appetite, was 0.08% higher at \$0.729, its strongest since mid-November. The broadly weaker greenback helped lift the Canadian dollar for a third day.



## Stocks

The Nasdaq and S&P 500 were falling on Thursday as investors took profits from technology stocks ahead of the fourth quarter earnings season and after a three-session rally. Among the S&P's 11 major sectors, technology was the biggest drag on the index followed by healthcare and then consumer discretionary. The technology-laden Nasdaq had risen 1.7% in the last three sessions after falling 5.7% in the four prior trading days as investors watched the direction of interest rates. The prospect of Federal Reserve interest rate hikes this year is a concern to growth sectors such as technology and consumer discretionary. The Dow Jones Industrial Average rose 33.31 points, or 0.09%, to 36,323.63, the S&P 500 lost 32.33 points, or 0.68%, to 4,694.02 and the Nasdaq Composite dropped 221.89 points, or 1.46%, to 14,966.51. Companies will report results on the final quarter of 2021 in the coming weeks with banks JPMorgan Chase, Citigroup and Wells Fargo due to get the ball rolling on Friday, while big technology companies report next week. Delta Air Lines gained 3.4% after beating estimates for fourth-quarter earnings. Its chief executive also predicted a swift recovery from turbulence caused by the Omicron coronavirus variant, also helping to lift the S&P 1500 Airlines index by 3.4%. The S&P 500 posted 44 new 52-week highs and no new lows; the Nasdaq Composite recorded 69 new highs and 300 new lows.



## Metals

Gold prices retreated on Thursday, as U.S. Treasury yields drifted higher with the Federal Reserve likely to stay on course to raise interest rates in March. Spot gold fell 0.5% to \$1,815.42 per ounce. U.S. gold futures fell 0.6% to \$1,816.40. Gold's retreat also came despite a subdued dollar, which makes bullion cheaper for overseas buyers, and data showing initial claims for unemployment benefits in the U.S. increased to 230,000 compared with expectations of 200,000 applications for the week ended Jan. 8. Ed Moya, a senior market analyst at brokerage OANDA, said the overall gold market reaction to the data was rather muted since it did not change the narrative of what the Fed is likely to do in March. Higher interest rates tend to dim appeal of gold, which pays no interest. But pressuring gold, equities saw a little more of a positive move with the PPI data mostly below expectations and a bump in jobless claims supporting the idea that it could possibly make the Fed pump the brakes on its hawkish rhetoric, Moya added. Also weighing on gold, U.S. Treasury yields edged up - increasing the opportunity cost of holding non-yielding gold - as investors prepared for an interest rate hike in March and at least two more by the end of 2022. Spot silver fell 0.5% to \$23 an ounce, platinum dropped 1.1% to \$966.20, and palladium was down 0.8% to \$1,895.27.



## Energies

Oil prices edged lower on Thursday as investors took profits after two days of gains amid fears of aggressive U.S. interest rate hikes, but the losses were cushioned by expectations that a strong economic recovery will boost demand. U.S. West Texas Intermediate crude futures were down 29 cents, or 0.4%, to \$82.35 a barrel, after rising 5.6% over the last 2 days. Brent crude futures fell 2 cents, or 0.5%, to \$84.65 a barrel. It had gained 4.7% over Tuesday and Wednesday. Oil prices typically move inversely to the U.S. dollar, with a stronger greenback making commodities more expensive for those holding other currencies. Gasoline stockpiles increased by 8 million barrels in the week to Jan. 7, compared with analyst expectations for a 2.4 million-barrel rise. The drop in crude inventories might have been related to end-of-year tax issues on oil stocks onshore in Texas and Louisiana, the bank added. Oil prices soared more than 50% in 2021 and some analysts expect the rally to continue, forecasting that scant production capacity and limited investment could lift crude to \$90 or even above \$100 a barrel. JP Morgan forecast oil prices to rise as high as \$125 a barrel this year. U.S. crude futures for delivery in February 2023 traded at a discount of more than \$9 to crude futures for delivery in February, moving into overbought territory for the first time since November.



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## Economic Events

DATE	TIME	COUNTRY	RELEASE	MONTH	ACTUAL	FORECAST	LAST
14-Jan	11:00	UK	GDP MoM	-	-	-	0.1%
14-Jan	11:00	UK	Industrial Production MoM	NOV	-	0.2%	-0.6%
14-Jan	11:00	UK	Industrial Production YoY	NOV	-	0.5%	1.4%
14-Jan	11:00	UK	Mfg Production MoM	NOV	-	0.2%	0.0%
14-Jan	11:00	UK	Mfg Production YoY	NOV	-	-0.3%	1.3%
14-Jan	11:00	UK	Trade Balance	NOV	-	-14.20B	-13.93B
14-Jan	11:00	UK	Trade Balance Non-EU	NOV	-	-	-8.62B
14-Jan	14:00	EUR	Trade Balance	NOV	-	7.6B	3.6B
14-Jan	17:30	US	Core Retail Sales MoM	DEC	-	0.2%	0.3%
14-Jan	17:30	US	Export Price Index MoM	DEC	-	0.3%	1.0%
14-Jan	17:30	US	Import Price Index MoM	DEC	-	0.3%	0.7%
14-Jan	17:30	US	Retail Control MoM	DEC	-	0.10%	-0.1%
14-Jan	17:30	US	Retail Sales YoY	DEC	-	-	18.21%
14-Jan	17:30	US	Retail Sales MoM	DEC	-	-0.1%	0.3%
14-Jan	17:30	US	Retail Sales Ex Gas/Autos MoM	DEC	-	-	0.2%
14-Jan	17:30	US	ECB President Lagarde Speaks		-	-	-
14-Jan	17:30	US	Industrial Production YoY	DEC	-	-	5.27%
14-Jan	18:15	US	Industrial Production MoM	DEC	-	0.3%	0.5%
14-Jan	18:15	US	Mfg Production MoM	DEC	-	0.5%	0.7%
14-Jan	19:00	US	Business Inventories MoM	NOV	-	1.3%	1.2%
14-Jan	19:00	US	Michigan Consumer Expectations	JAN	-	66.5	68.3
14-Jan	19:00	US	Michigan Consumer Sentiment	JAN	-	70.0	70.6
14-Jan	19:00	US	Michigan Current Conditions	JAN	-	73.3	74.2
14-Jan	19:00	US	Retail Inventories Ex Auto	NOV	-	-	1.3%
14-Jan	20:00	US	FOMC Member Williams Speaks		-	-	-
14-Jan	22:00	US	U.S. Baker Hughes Oil Rig Count		-	-	481
14-Jan	22:00	US	U.S. Baker Hughes Total Rig Count		-	-	588



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