

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	35,911.81	36,113.62	-0.56%	-0.88%
S&P 500	4,662.85	4,659.03	0.08%	-0.30%
Nasdaq	14,893.75	14,806.81	0.59%	-0.28%
S&P/TSX	21,357.56	21,292.96	0.30%	1.30%
FTSE 100	7,542.95	7,563.85	-0.28%	0.77%
DAX	15,883.24	16,031.59	-0.93%	-0.40%
Hang Seng	24,383.32	24,429.77	-0.19%	3.79%
Shanghai Index	3,521.26	3,555.26	-0.96%	-1.63%
Nikkei 225	28,124.28	28,489.13	-1.28%	-1.28%

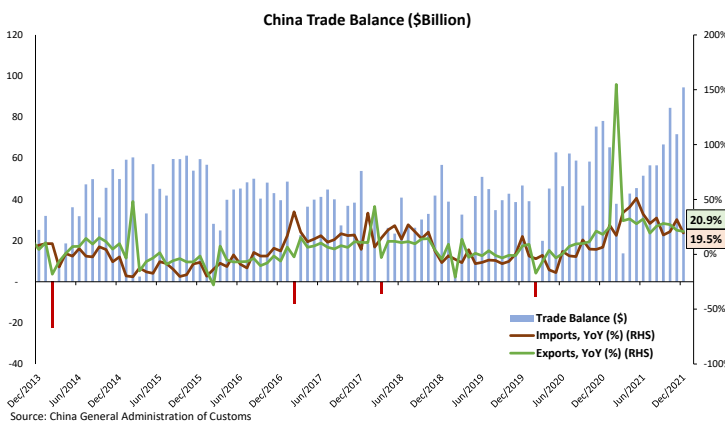
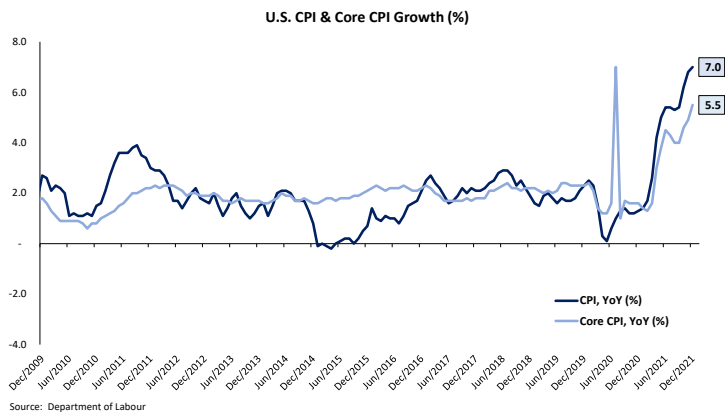
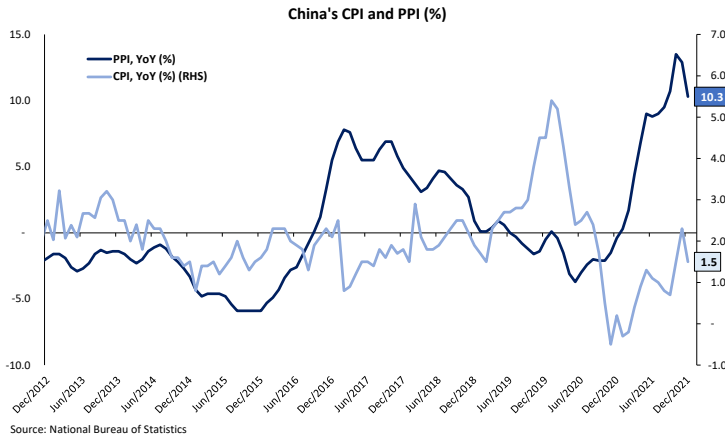
U.S. stock markets finished mixed on Friday and logged another negative week despite strong U.S. bank earnings, as concerns over rising interest rates remain front and centre for investors.

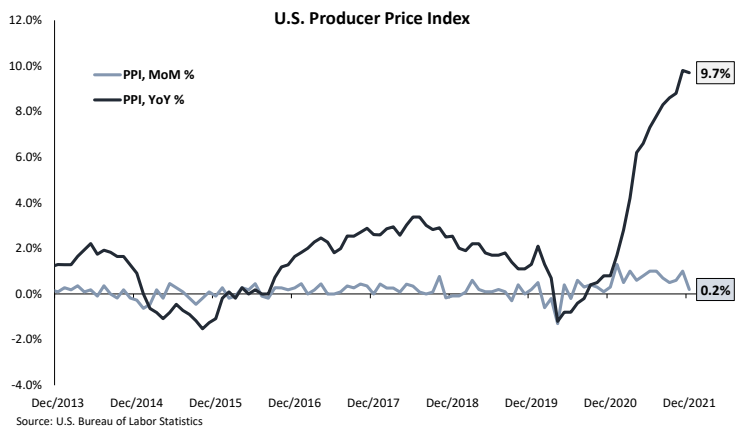
The Dow Jones Industrial Average lost 201.81 points (-0.56%) to finish at 35,911.81, lagged by JPMorgan, Home Depot, and Goldman Sachs. The S&P 500 index inched up 3.82 points (+0.08%) to settle at 4,662.85 helped by solid gains in Energy and Information Technology sectors, partially offset by losses in Financials and Materials sectors. The Nasdaq went through a volatile session but managed to gain 0.59% and close in green at 14,893.75. For the week, all three indices recorded its second consecutive week of losses with an average loss of -0.49%, and the Dow Jones underperformed the rest with -0.88% return.

On Tuesday, China reported lower-than-expected CPI and PPI figures in December with inflation growing 1.5% y/y (vs. 2.3% increase in November), below 1.8% street expectations, and PPI increasing 10.3% y/y (vs. 12.9% growth in November), below 11.1% consensus. The decline for each of the CPI and PPI in December was owing to lower food costs and lower commodity prices, respectively. Interestingly, the Chinese central bank is expected to cut interest rates in Q1/22 to stimulate the economy while other major economies are in the process of tightening its monetary policy.

On Wednesday, the U.S. CPI grinded higher with inflation up 7.0% y/y in December (vs. 6.8% in November), the highest since June 1982. Higher energy prices remains the culprit contributing to increasing price pressures. Core inflation (ex. food and energy items) also accelerated to 5.5% (vs. 4.9% in November), driven by shelter and used vehicles. As part of the testimony on Tuesday, the Federal Reserve Chairman Powell indicated inflation is becoming entrenching and signaled tapering to finish by end of March and a 25bp rate hike could possibly take place at the same time (market is pricing in an 85% possibility of such event transpiring). On top of an accelerated rate increase schedule, market is laser focused on the timing of "Quantitative Tightening", which FOMC members remain tight-lipped at the moment.

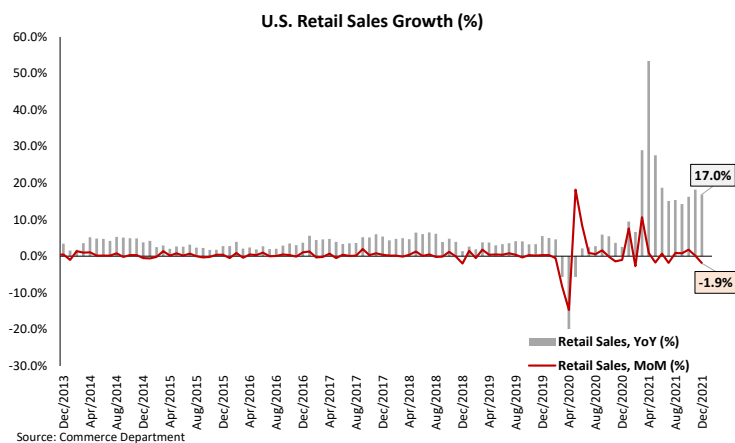
On Thursday, China released strong trade balance data in December, with exports increasing 20.9% y/y (vs. 22.0% in November) and imports growing 19.5% y/y (vs. 31.7% in November). Strong global demand continues to drive growth in China's exports, while slowing import growth could point to continued weakness in domestic demand, perhaps in the property sector (imports of steelmaking ingredient have slowed), which is faced with regulatory challenges brought on by Evergrande.





In addition, the U.S. PPI index, which tracks prices received by producers of goods & services, rose 9.7% y/y in December (vs. 9.8% in November), marking the 2nd highest reading dated back in 2010. In contrary, on an m/m basis, PPI grew 0.2% in December (vs. 1.0% in November), which is the slowest growth since November 2020. Despite mixed results, it is generally accepted to suggest that inflation is likely to remain elevated in the near term given PPI is a leading indicator of CPI, but what remains debatable is whether we have reached peak inflation.

On Friday, retail sales in the U.S. disappointed with December figure declining 1.9% m/m (vs. 0.2% increase in November), below the street consensus of -0.1% decline. The decline was largely broad-based and impacted by lower sales in furniture, sporting & recreation items, clothing, and electronics. Despite a slowdown in retail sales during holiday season, the silver lining is that the U.S. households have relatively healthy balance sheets with high savings levels, and an improving job markets coupled with higher wage growth should remain supportive of consumer spending.



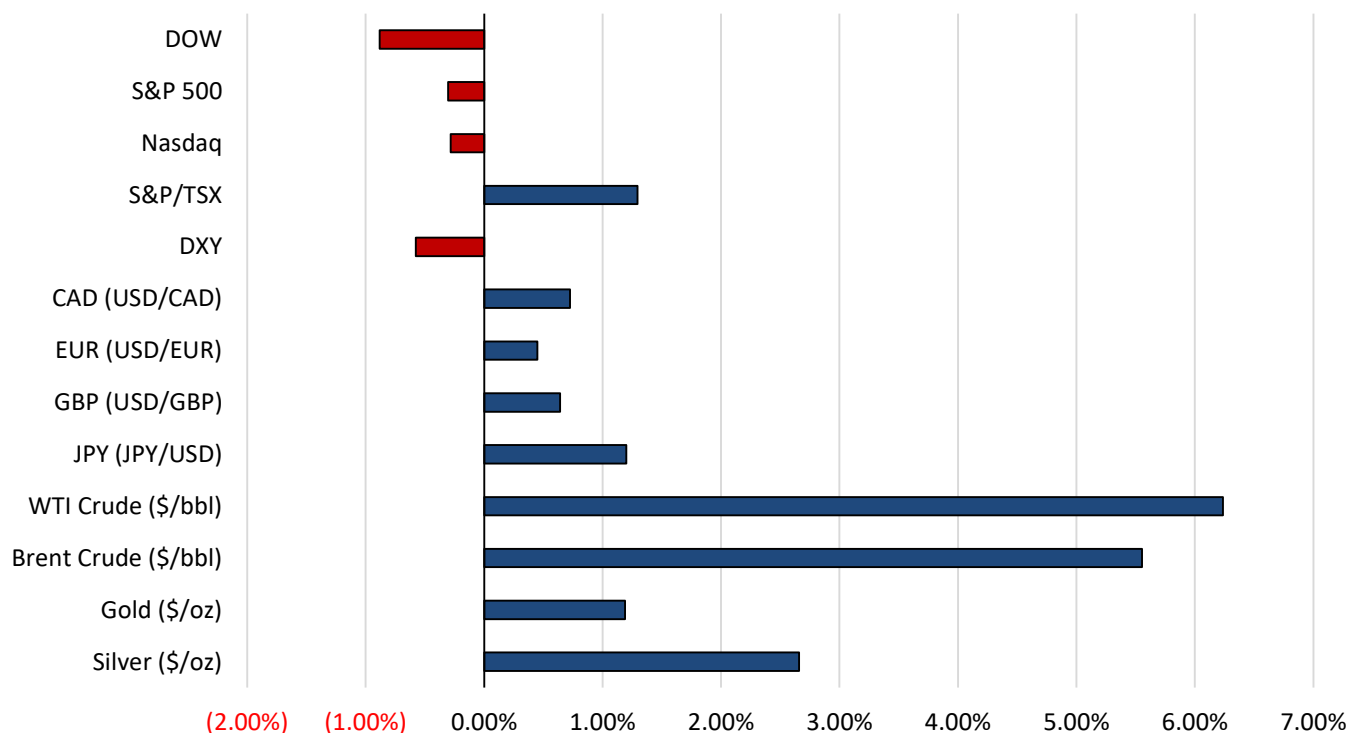
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	83.8	78.9	70.5	50.8
Brent Crude (\$/bbl)	86.3	81.8	73.6	53.8
Natural Gas (\$/MMBtu)	4.26	3.92	3.71	3.04
Gold (\$/oz)	1,817.9	1,796.6	1,770.9	1,846.5
Silver (\$/oz)	23.0	22.4	21.9	25.5
Copper (\$/oz)	9,958.5	9,531.0	9,447.5	8,009.0
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.26	1.26	1.29	1.26
EUR (USD/EUR)	1.14	1.14	1.13	1.22
GBP (USD/GBP)	1.37	1.36	1.32	1.37
JPY (JPY/USD)	114.2	115.6	113.7	103.8

Fixed Income

Gov't Bonds	2-Year (%)				5-Year (%)				10-Year (%)			
	Current	T-1	T-5	T-30	Current	T-1	T-5	T-30	Current	T-1	T-5	T-30
U.S.	0.97	0.89	0.86	0.66	1.56	1.47	1.50	1.24	1.78	1.70	1.76	1.44
Canada	1.16	1.11	1.07	0.94	1.57	1.51	1.50	1.28	1.77	1.70	1.72	1.43
Eurozone	-0.59	-0.61	-0.60	-0.69	-0.37	-0.40	-0.38	-0.60	-0.05	-0.09	-0.05	-0.37
Japan	-0.08	-0.08	-0.08	-0.12	-0.02	-0.04	-0.04	-0.10	0.14	0.13	0.14	0.05
U.K.	0.79	0.75	0.82	0.43	0.97	0.93	0.99	0.56	1.15	1.10	1.18	0.72

Weekly Performance



Upcoming Events

Date	Events
Mon, Jan 17, 2022	China Q4/21 GDP
Tue, Jan 18, 2022	Canada Housing Starts (Dec)
Wed, Jan 19, 2022	Canada CPI (Dec); U.S. Housing Starts & Building Permits (Dec)
Thu, Jan 20, 2022	Eurozone CPI (Dec); U.S. Existing Home Sales (Dec)
Fri, Jan 21, 2022	U.K. Retail Sales (Dec); Canada Retail Sale (Nov)