

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	34,265.37	34,715.39	-1.30%	-5.12%
S&P 500	4,397.94	4,482.73	-1.89%	-5.60%
Nasdaq	13,768.92	14,154.02	-2.72%	-7.01%
S&P/TSX	20,621.39	21,058.18	-2.07%	-3.45%
FTSE 100	7,494.13	7,585.01	-1.20%	-0.65%
DAX	15,603.88	15,912.33	-1.94%	-1.76%
Hang Seng	24,965.55	24,952.35	0.05%	2.39%
Shanghai Index	3,522.57	3,555.06	-0.91%	0.04%
Nikkei 225	27,522.26	27,772.93	-0.90%	-2.14%

U.S. equities tumbled on Friday and finished in red for the third consecutive week, as fear over rising interest rates and tightening monetary policy continues to intensify.

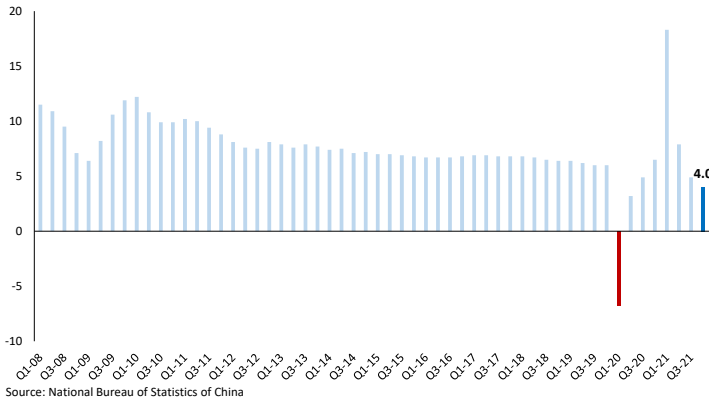
The Dow Jones Industrial Average plummeted 450.02 points (-1.30%) to close at 34,265.37, dragged down by Disney, Boeing, and Visa. The S&P 500 index lost 84.79 points (-1.89%) to finish at 4,397.94, weighed down by Consumer Discretionary, Communication Services, and Materials sectors. The Nasdaq continued to underperform and declined 385.10 points (-2.72%) to settle at 13,768.92, as tech selloff accelerated. For the week, all three indices logged its third straight week of losses with sizable declines of -5.91% on average. Nasdaq underperformed the others with 7.01% weekly loss, its worst week since Oct/20.

On Monday, China released its Q4/21 GDP data with the economy growing 4.0% y/y in the quarter (vs. 4.9% in Q3/21), ahead of the 3.6% consensus. The slowdown in economic growth was due to sluggish consumer spending amid a number of domestic COVID-19 related lockdowns, as well as continued credit crunch in the property sector. That said, China finished 2021 with 8.1% in economic growth, above the government's 6% target, in part helped by strong export activities. Looking ahead, the continued containment measures (owing to "zero-COVID policy") may further weigh on China's economy growth with the street forecasting ~5% growth for 2022. Interestingly, later on this week, China's central bank cut its key lending rates to stimulate the economy, while central banks in many developed countries are tightening/slating to tighten their monetary policy.

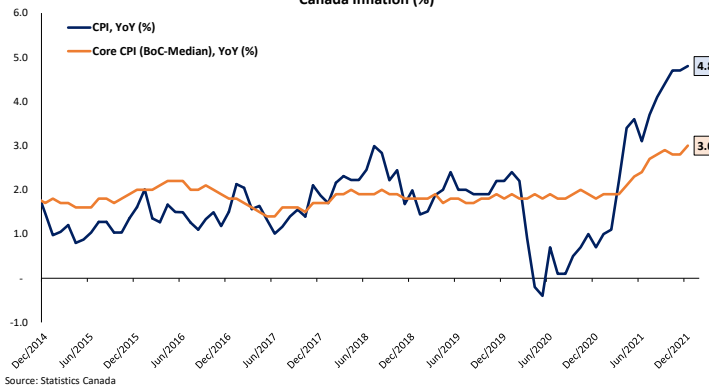
On Wednesday, Canada's December CPI rose 4.8% y/y (vs. 4.7% in November), in line with market expectations. The inflation print marked the fastest pace in 30 years and the price pressure continued to be driven by elevated energy prices (up 21.2%), food prices (up 5.2%), and shelter costs (up 5.4%). Excluding food and energy items, inflation was up 3.4% y/y (vs. 3.1% in November). Similarly, one of BoC's inflation metrics, CPI-median also reached a 30-year high and inched up to 3.0% (from 2.8% in November). As more economic indicators have arrived, the street is largely pricing in a rate hike in the upcoming BoC meeting next Wednesday as the central bank is expected to revert to the 1.75% overnight rate levels in 2022.

In addition, U.S. housing starts unexpected increased in December with housing starts rose 1.4% to a seasonally adjusted annual rate (SAAR) of 1.702mm units, the highest level since Mar/21. The strong construction activities could be attributable to builders ramping up to meet strong buying demand. Building permits also surged 9.1% to a SAAR of 1.873mm units in December, the highest level since Jan/21. With building permits running higher than housing starts, it is expected home building should remain solid in the coming months.

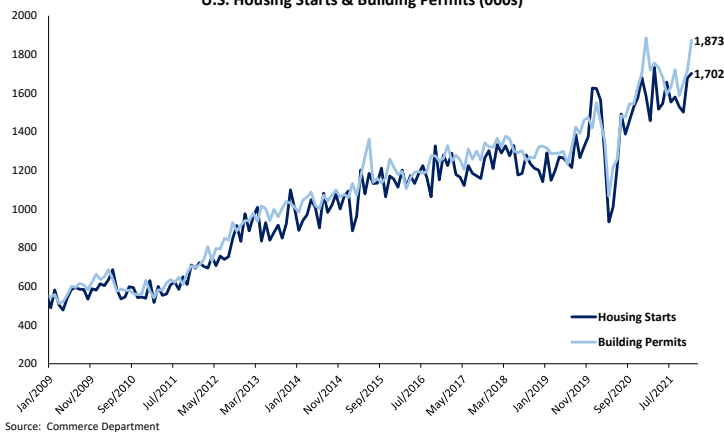
China GDP Growth, YoY %

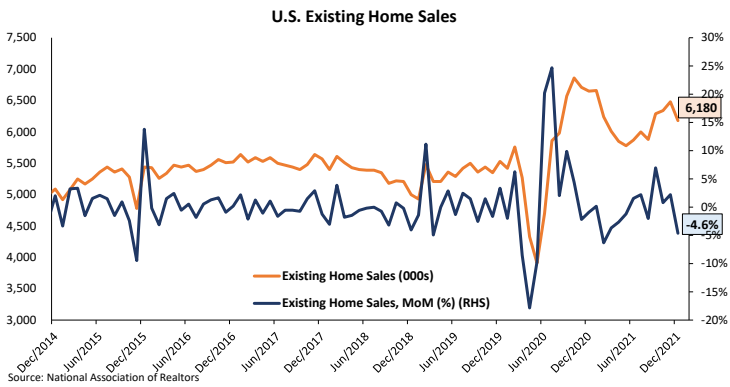


Canada Inflation (%)

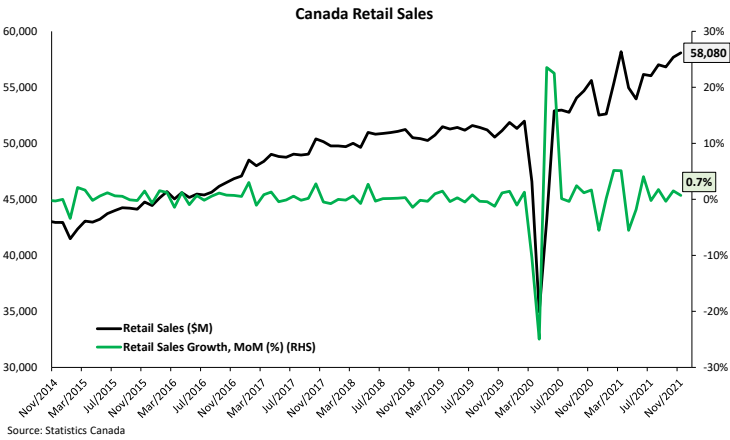


U.S. Housing Starts & Building Permits (000s)





On Thursday, U.S. existing home sales surprised to the downside and declined 4.6% m/m to a SAAR of 6.18mm units in December (vs. up 2.2% increase in November), below the 6.44mm units expected by economists. The decline in home sales was largely driven by continued low inventory and a pickup in mortgage rates with the 30-year fixed mortgage rate reaching 3.75%, the highest level since the onset of the pandemic.



On Friday, Canada's retail sales grew 0.7% m/m in November (vs. 1.5% in October), below the 1.2% street consensus. Retail sales growth was primarily driven by higher prices at gas stations, building materials, and food & beverage stores. StaCan's preliminary estimate for December is calling for a 2.1% decline, possibly due to the tightened restrictions amid surge of Omicron cases as well as to a certain extent, pull-forward of holidays sales in November owing to fear of supply chain issues.

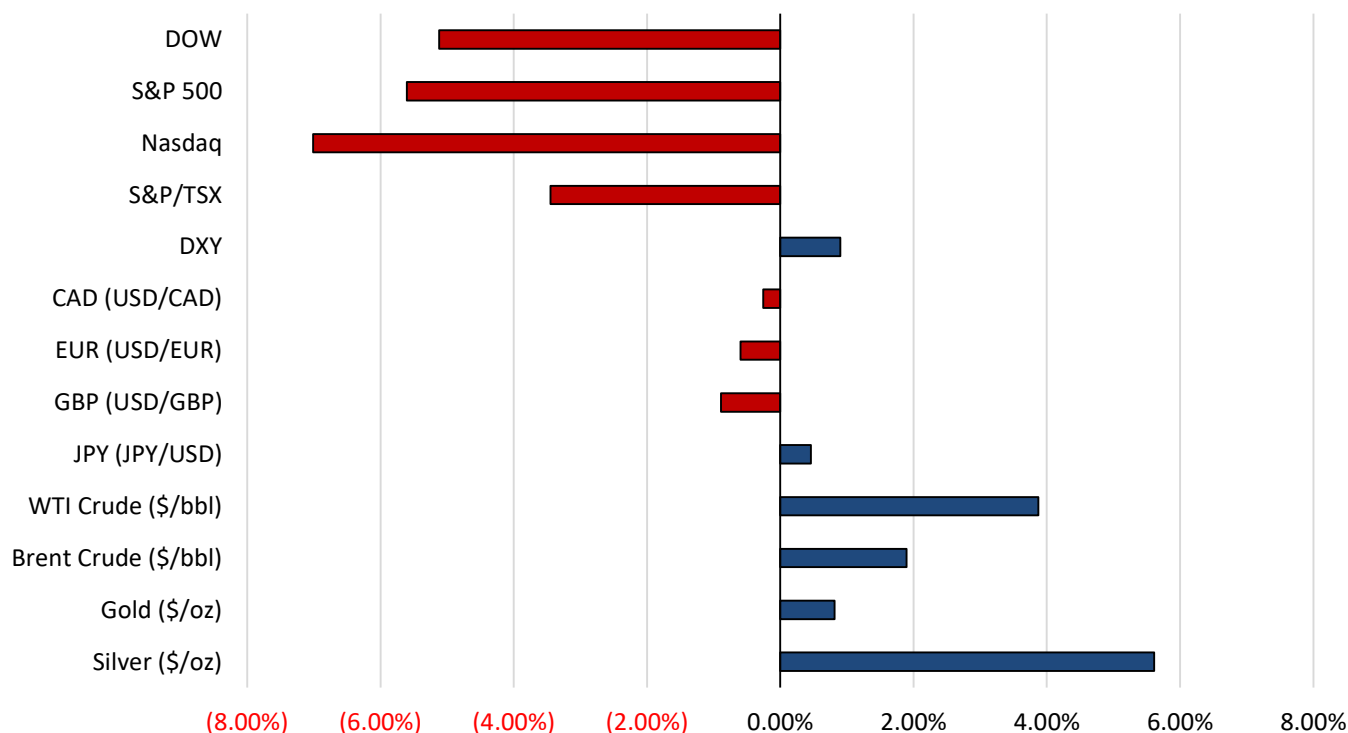
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	84.8	81.6	70.8	49.9
Brent Crude (\$/bbl)	87.7	86.1	74.0	53.2
Natural Gas (\$/MMBtu)	3.95	4.27	3.77	2.99
Gold (\$/oz)	1,832.8	1,817.9	1,789.3	1,870.0
Silver (\$/oz)	24.3	23.0	22.5	25.9
Copper (\$/oz)	9,990.0	9,958.5	9,446.5	8,044.5
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.26	1.26	1.29	1.26
EUR (USD/EUR)	1.13	1.14	1.13	1.22
GBP (USD/GBP)	1.36	1.37	1.33	1.37
JPY (JPY/USD)	113.7	114.2	114.1	103.5

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.	1.02	1.02	0.97	0.67	1.57	1.59	1.56	1.22	1.77	1.80	1.78	1.46
Canada	1.24	1.26	1.16	0.98	1.63	1.67	1.57	1.29	1.79	1.83	1.77	1.44
Eurozone	-0.62	-0.59	-0.59	-0.71	-0.33	-0.30	-0.37	-0.57	-0.07	-0.03	-0.05	-0.31
Japan	-0.07	-0.07	-0.08	-0.11	-0.04	-0.03	-0.02	-0.10	0.13	0.14	0.14	0.05
U.K.	0.88	0.89	0.79	0.60	0.99	1.04	0.97	0.72	1.17	1.22	1.15	0.87

Weekly Performance



Upcoming Events

Date	Events
Tue, Jan 25, 2022	U.S. Consumer Confidence (Jan)
Wed, Jan 26, 2022	BoC Interest Rate Decision; FOMC Interest Rate Decision; U.S. New Home Sales (Dec)
Thu, Jan 27, 2022	U.S. Pending Home Sales (Dec); U.S. Q4 GDP
Fri, Jan 28, 2022	U.S. PCE Index (Dec)