

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	34,058.75	33,223.83	2.51%	-0.74%
S&P 500	4,384.65	4,288.70	2.24%	0.10%
Nasdaq	13,694.62	13,473.58	1.64%	-0.16%
S&P/TSX	21,106.00	20,761.94	1.66%	-0.33%
FTSE 100	7,489.46	7,207.38	3.91%	-0.32%
DAX	14,567.23	14,052.10	3.67%	-3.16%
Hang Seng	22,767.18	22,901.56	-0.59%	-6.41%
Shanghai Index	3,451.41	3,429.96	0.63%	-1.13%
Nikkei 225	26,476.50	25,970.82	1.95%	-2.78%

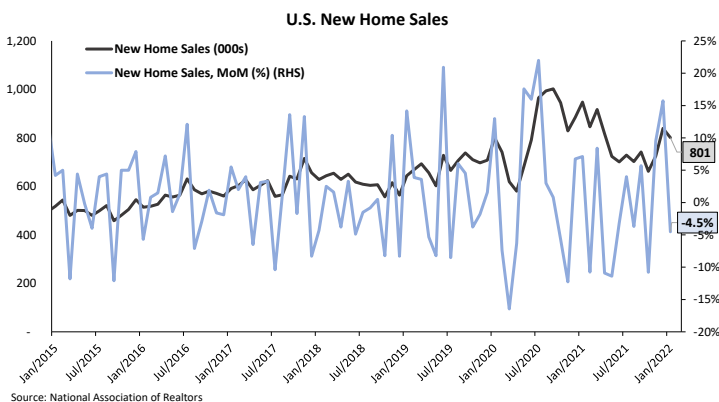
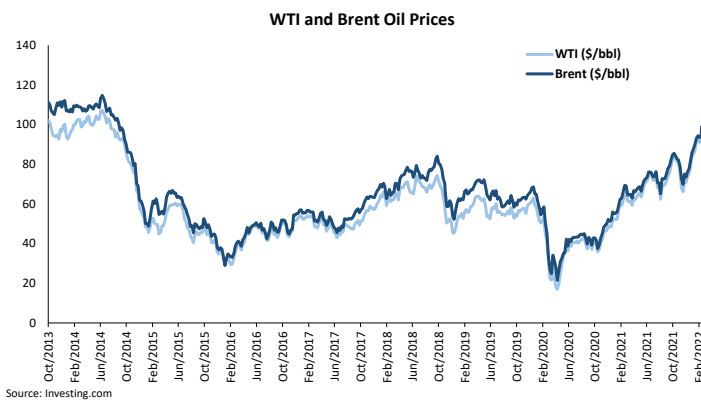
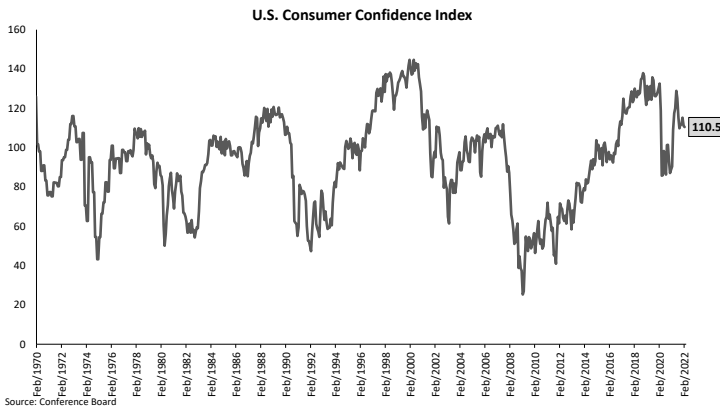
U.S. equities finished higher on Friday as investors shrugged off the escalating geopolitical tensions between Russia and Ukraine. Equities saw a major whipsaw in Thursday trading session and delivered a sizable rebound through Friday close. The improved market sentiment could be partly attributable to investors anticipating global central banks becoming less hawkish in terms of monetary tightening as geopolitical events raise economic uncertainty.

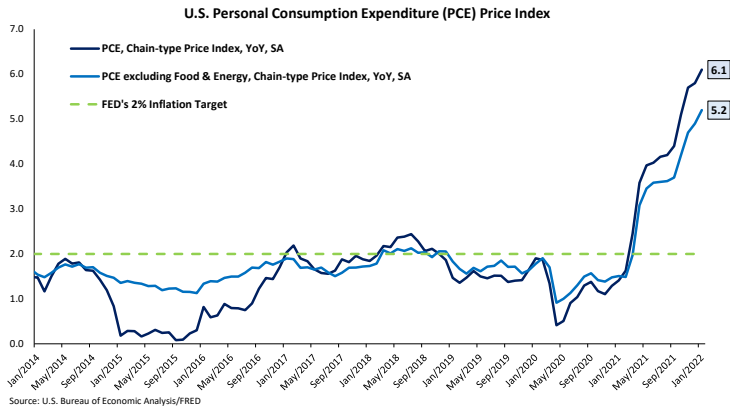
The Dow Jones Industrial Average gained 834.92 points (+2.51%) to finish at 34,058.75, lifted by Johnson & Johnson, Chevron, and 3M. The S&P 500 index witnessed broad-based gains across all sectors and advanced 95.95 points (+2.24%) to close at 4,384.65, with Materials, Financials, and Consumer Staples sectors outperforming. The Nasdaq recorded smaller gains and added 221.04 points (+1.64%) to settle at 13,694.62. For the week, the major U.S. indices finished mixed averaging -0.27% losses, with S&P 500 slightly above break-even, while the Dow and Nasdaq staying in the red.

On Tuesday, the U.S. consumer confidence declined to a five-month low of 110.5 in February (from 111.1 in January) as concerns over impact of elevated inflation continued to weigh on consumer sentiment. Earlier this month, U.S. reported January inflation of 7.5%, marking the highest level since 1982. The current street forecast for February inflation is to moderate to 7.3%.

On Wednesday night, Russia abruptly launched attack on Ukraine, leading to a classic risk-off phenomena in the financial markets, with selloff in stocks, flight to safety in government bonds and gold, and a surge in oil & natural gas prices. Although the geopolitical situation remains fluid, the implications for inflation and economic growth are expected to be negative – inflation will likely worsen or at least stay elevated in the near term with oil prices increasing beyond \$100/barrel, which could marginally lift the headline inflation; Economic growth on both sides of the border will likely be impacted largely by higher oil prices given the status of net oil exporters. The further increase in oil prices are taxing on consumers and will eventually drag on consumer spending. On central bank policy, the geopolitical tensions are unlikely to derail both the Fed and BoC’s plan of hiking rates in March, and a 25bps rate increase scenario is largely priced in by market participants (vs. 50bps in one go, which is unlikely at this point given the market volatility).

On Thursday, U.S. new home sales declined 4.5% m/m to a seasonally adjusted annual rate of 801k units in January (vs. 839k units in December), an inch below the 803k consensus. Notwithstanding strong demand for housing and low inventory, higher mortgage rates and higher input costs remain a headwind to the housing market and new home sales may moderate further. For reference, 30-year fixed mortgage rates have increased to a 2.5-year high of 3.9%, above the pre-pandemic level of 3.5-3.6%.





On Friday, U.S. PCE index edged higher with PCE inflation increasing 6.1% y/y in January (vs. 5.8% in December), above the street expectation of 6.0%. The Fed's preferred inflation gauge, core PCE (excluding food & energy items), also grinded higher to 5.2% (vs. 4.9% in December). The elevated and broadening inflation reading remained substantially above the Fed's average 2% inflation target, leaving no leeway for the Fed and the central bank is expected to hike interest rates in its March FOMC meeting.

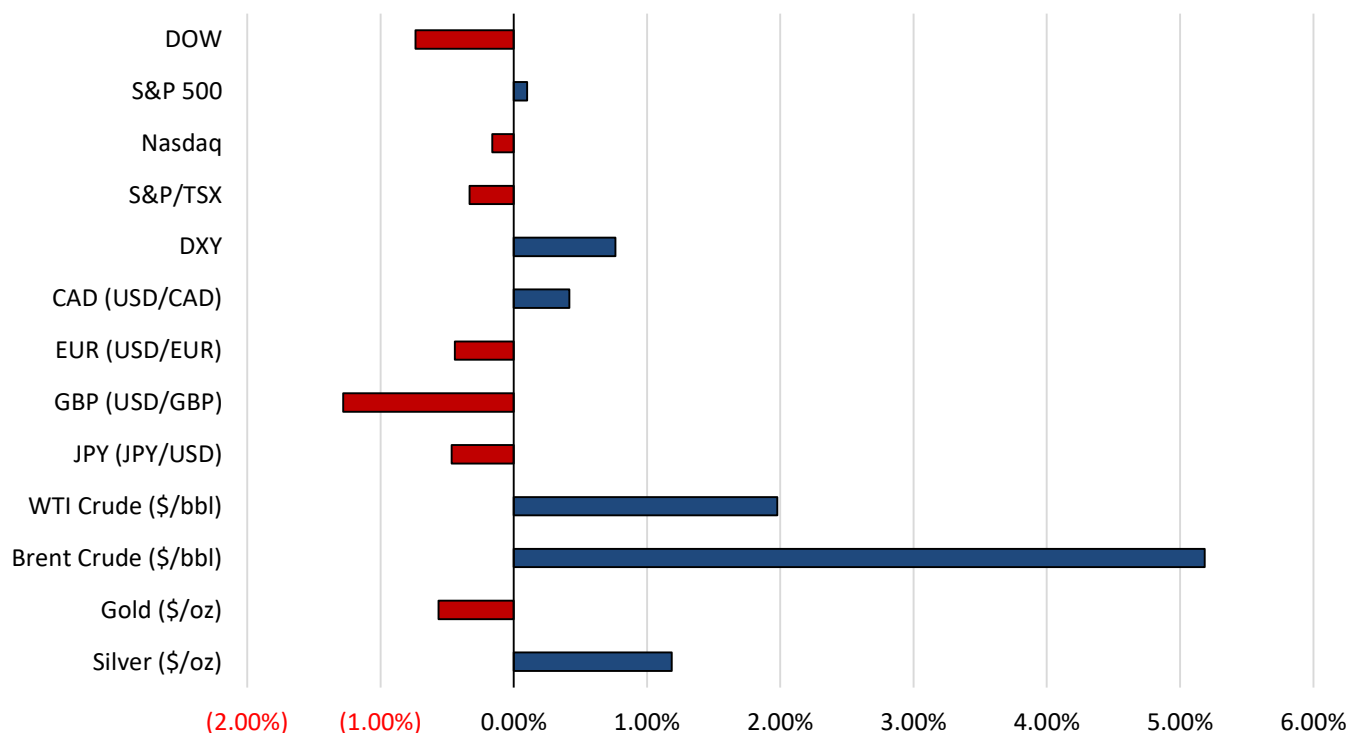
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	91.8	90.0	84.4	57.3
Brent Crude (\$/bbl)	98.4	93.5	87.2	60.8
Natural Gas (\$/MMBtu)	4.48	4.43	3.88	2.48
Gold (\$/oz)	1,887.7	1,898.4	1,848.0	1,770.6
Silver (\$/oz)	24.2	23.9	23.8	27.4
Copper (\$/oz)	9,864.0	9,929.0	9,728.0	9,308.5
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.27	1.28	1.26	1.26
EUR (USD/EUR)	1.13	1.13	1.13	1.22
GBP (USD/GBP)	1.34	1.36	1.35	1.40
JPY (JPY/USD)	115.6	115.0	113.9	106.2

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.	1.57	1.58	1.47	1.02	1.87	1.86	1.82	1.55	1.97	1.96	1.93	1.77
Canada	1.54	1.53	1.49	1.24	1.73	1.75	1.72	1.64	1.90	1.92	1.88	1.80
Eurozone	-0.39	-0.43	-0.48	-0.66	0.00	-0.08	-0.08	-0.36	0.23	0.17	0.19	-0.08
Japan	-0.03	-0.03	-0.02	-0.07	0.03	0.03	0.05	-0.03	0.21	0.20	0.21	0.14
U.K.	1.20	1.25	1.25	0.89	1.25	1.29	1.28	0.99	1.46	1.45	1.38	1.16

Weekly Performance



Upcoming Events

Date	Events
Mon, Feb 28, 2022	China Manu and Non-Manu PMI (Feb)
Tue, Mar 01, 2022	Canada Q4 GDP; U.S. ISM Manu PMI (Feb)
Wed, Mar 02, 2022	Eurozone CPI (Feb); BoC Interest Rate Decision
Thu, Mar 03, 2022	U.S. ISM Non-Manu PMI (Feb)
Fri, Mar 04, 2022	U.S. Nonfarm Payrolls (Feb)