

World Equities

Equity Market	Current	T-1	T-1, Δ %	T-5, Δ %
DOW	35,089.74	35,111.16	-0.06%	1.05%
S&P 500	4,500.53	4,477.44	0.52%	1.55%
Nasdaq	14,098.01	13,878.82	1.58%	2.38%
S&P/TSX	21,271.85	21,094.01	0.84%	2.56%
FTSE 100	7,516.40	7,528.84	-0.17%	0.67%
DAX	15,099.56	15,368.47	-1.75%	-1.43%
Hang Seng	24,573.29	23,802.26	3.24%	1.36%
Shanghai Index	3,361.44	3,394.25	-0.97%	-4.57%
Nikkei 225	27,439.99	27,241.31	0.73%	2.70%

U.S. equities finished mostly higher on Friday and marked the best trading week thus far in 2022 as earnings results were generally better than expected.

The Dow Jones Industrial Average edged lower by 21.42 points (-0.06%) to settle at 35,089.74, as solid gains at JPMorgan and Goldman Sachs were offset by losses at 3M and Procter & Gamble. The S&P 500 index gained 23.09 points (0.52%) to finish at 4,500.53, primarily helped by Consumer Discretionary sector. The Nasdaq outperformed other indices and rose 219.19 points (1.58%) to close at 14,098.01. For the week, all three indices stayed in the green with average gains of 1.66% and Nasdaq outperformed with 2.38% gains.

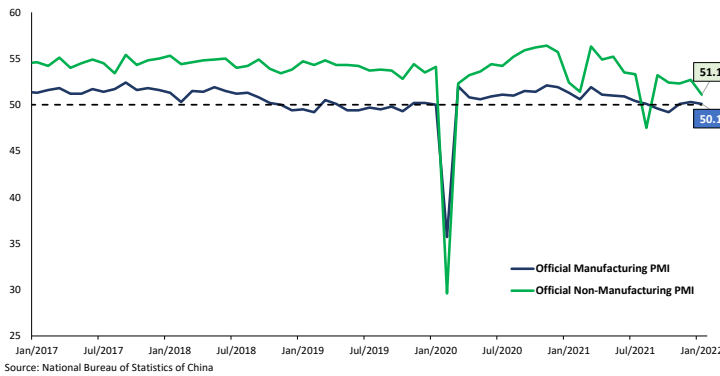
On Monday, China's PMI data showed that its economic activities moderated in January with both Manufacturing and Non-Manufacturing PMIs declining to 50.1 (from 50.3 in December) and 51.1 (from 52.7 in December), respectively. The slowdown was in part due to adverse impact from COVID-19 related lockdowns, which weighed on factory and services activities. Policymakers have begun rolling out more stimulus to stabilize the economy and China's central bank has previously cut interest rates and injected liquidity into the financial system.

On Tuesday, U.S. released its January ISM Manufacturing PMI reading, which fell to 57.6 (from 58.8 in December), the third consecutive monthly decline, impacted by production, new orders, and inventories sub-indexes. Positively, both the supplier delivery delays and backlog of orders sub-indexes improved, suggesting potential ease in supply chain bottlenecks.

On Wednesday, inflation at the Eurozone reached a record pace and came in at 5.1% in January (vs. 5.0% in December), and ahead of 4.4% expected by economists. Core inflation edged down modestly to 2.3% (from 2.6% in December), but remained above the ECB's 2% medium-term target. Interestingly, on Thursday, the ECB kept its interest rates unchanged despite elevated inflation. The central bank indicated price pressure will persist longer than expected but should subside throughout 2022. Overall, similar to other major central banks, ECB's tone has become more hawkish and rate hikes in 2022 are back on the table (vs. previously stated "highly unlikely in 2022").

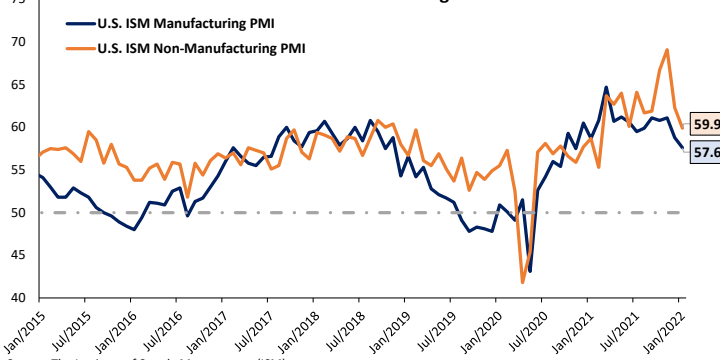
On Thursday, widely expected by market participants, the Bank of England hiked its interest rates by 25bps to 0.50%, following a 15bps hike in Dec/21. Out of the nine committee members, four voted in favour of a 50-bp increase. The BoE also stated that higher energy costs will likely push inflation to over 7% in April (up from the previous forecast of 6%). Looking ahead, the BoE is targeting 1.5% by mid-2023, implying a minimum of four 25-bp rate increases, while markets are currently pricing in an accelerated schedule with interest rates going to 1.5% by end of 2022.

China's Manufacturing & Non-Manufacturing PMIs



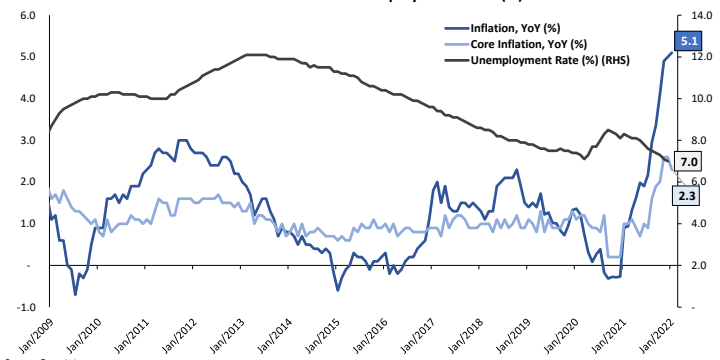
Source: National Bureau of Statistics of China

U.S. ISM Manufacturing PMI

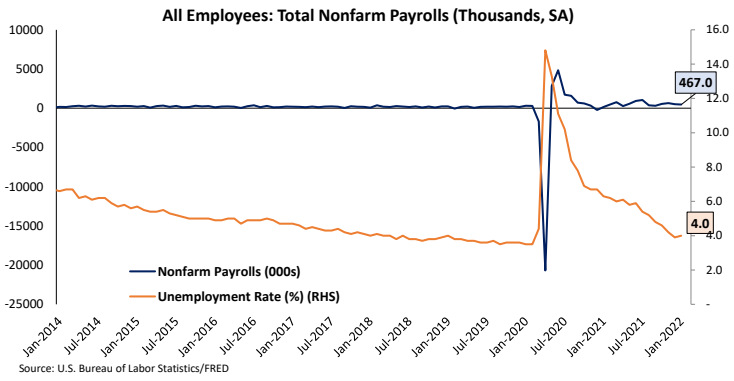


Source: The Institute of Supply Management (ISM)

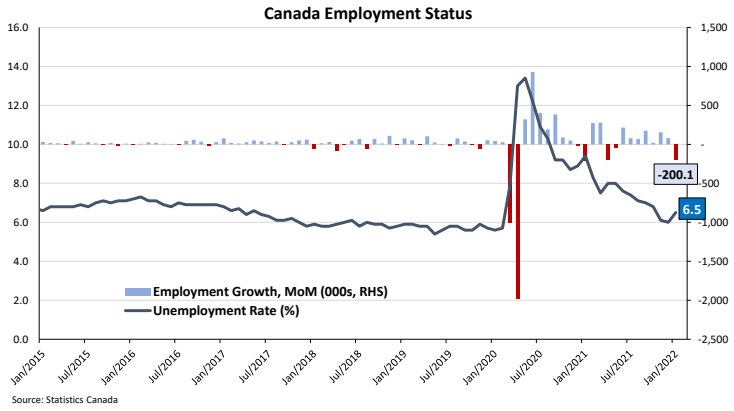
Eurozone Inflation & Unemployment Rates (%)



Source: Eurostat



On Friday, the U.S. jobs report in January surprised to the upside despite concerns over Omicron. Nonfarm payrolls added 467k jobs (vs. +510k in December), well ahead of market consensus of 150k gains. The jobs gains were largely broad-based and the U.S. labour market is ~1.8mm jobs lower than its pre-pandemic level in Feb/20. Unemployment rate inched up to 4.0% (from 3.9% in December) owing to an increase in labour participation rate (62.2%).



On the other hand, Canada lost 200k jobs in January (vs. +79k jobs in December), marking the 1st month of job losses since May/21 as Omicron-related restrictions were put in place throughout most of Canada. Similar to the prior waves, most of the job losses were originated within the services sector, which lost 223k jobs, partially offset by a modest increase in goods-producing and construction sectors (up 46k jobs in combined). Unemployment rate ticked up to 6.5% (from 6.0% in December). If history is any indication, it is expected employment will rebound sharply in coming months as restrictions ease. Overall, the Bank of Canada remains on track to raise interest rates in March.

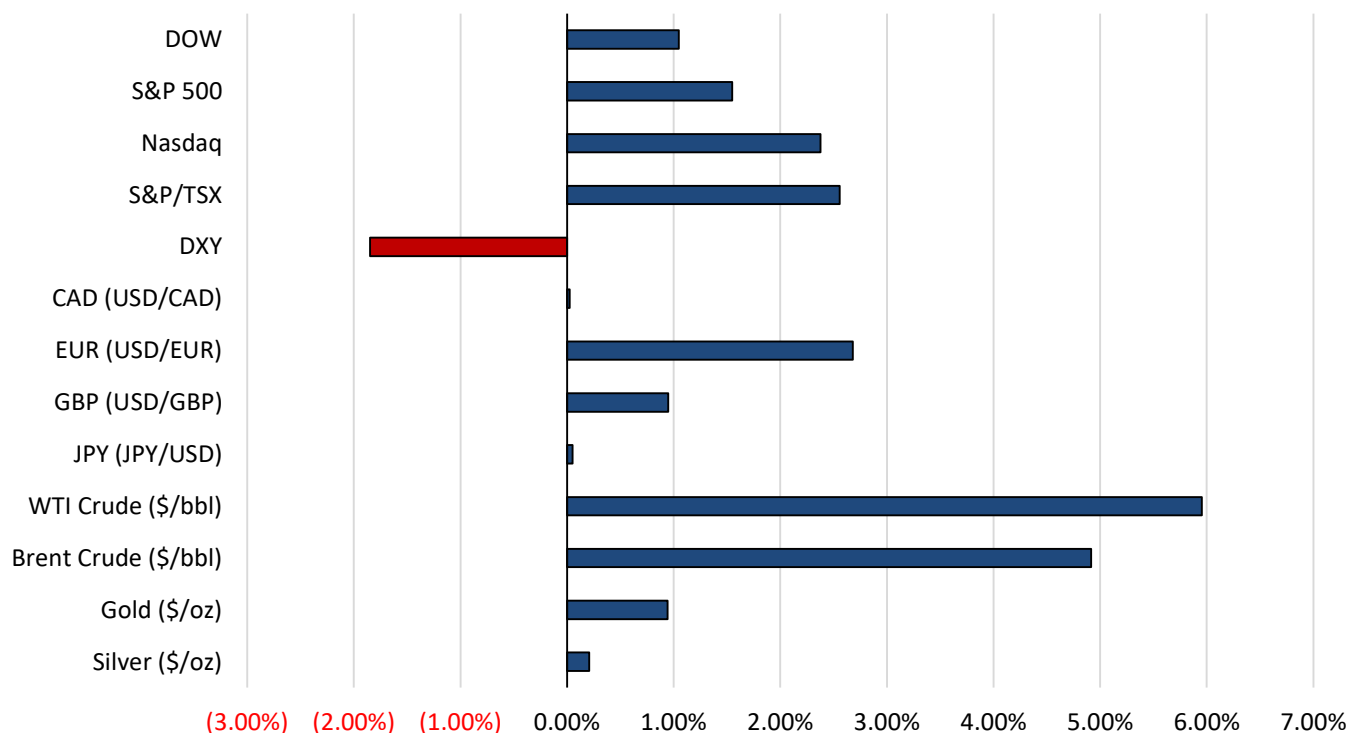
Commodities & FX

Commodities	Current	T-5	T-30	T-365
WTI Crude (\$/bbl)	92.0	86.8	76.7	51.8
Brent Crude (\$/bbl)	92.9	88.5	79.6	54.7
Natural Gas (\$/MMBtu)	4.54	4.64	3.58	3.00
Gold (\$/oz)	1,808.4	1,791.5	1,814.6	1,794.0
Silver (\$/oz)	22.5	22.5	23.1	26.4
Copper (\$/oz)	9,832.5	9,782.0	9,720.5	7,842.5
FX	Current	T-5	T-30	T-365
CAD (USD/CAD)	1.28	1.28	1.27	1.28
EUR (USD/EUR)	1.15	1.12	1.13	1.20
GBP (USD/GBP)	1.35	1.34	1.35	1.37
JPY (JPY/USD)	115.2	115.3	116.2	105.5

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.	1.31	1.20	1.16	0.76	1.77	1.67	1.61	1.36	1.91	1.83	1.77	1.65
Canada	1.36	1.30	1.25	1.01	1.71	1.65	1.63	1.38	1.85	1.80	1.76	1.58
Eurozone	-0.26	-0.34	-0.61	-0.62	0.04	-0.05	-0.31	-0.42	0.20	0.14	-0.05	-0.12
Japan	-0.05	-0.05	-0.05	-0.09	0.00	-0.02	-0.02	-0.07	0.19	0.17	0.17	0.08
U.K.	1.26	1.14	0.96	0.75	1.31	1.22	1.07	0.91	1.41	1.37	1.24	1.08

Weekly Performance



Upcoming Events

Date	Events
Tue, Feb 08, 2022	U.S. Trade Balance (Dec)
Thu, Feb 10, 2022	U.S. CPI (Jan)
Fri, Feb 11, 2022	U.K. GDP (Q4)