

Daily US Opening News

1st February 2022

SNAPSHOT

STOCKS			
Euro Stoxx 50	+1.0%	DAX40	+1.1%
Stoxx 600	+1.2%	FTSE 100	+1.0%
ES Mar'22	-0.3%	RTY Mar'22	-0.4%
NQ Mar'22	-0.3%	YM Mar'22	-0.2%

FX			
DXY	-0.4% (96.25)	EUR/USD	+0.3%
USD/JPY	-0.4%	GBP/USD	+0.5%

BONDS			
US T-Note Mar'22	+8 ticks	10yr Bund Mar'22	+15 ticks
US 10yr Yield	-2bp	German 10yr Yield	-1bp
US 2s10s	-0.4bp	US 5s30s	-0.3bp

ENERGY & METALS			
WTI Mar'22	U/C	Brent Mar'22	-0.1%
Spot Gold	+0.6%	LME Copper	+1.6%

CRYPTO			
Bitcoin	U/C	Ethereum	+2.7%

As of 11:25GMT/06:25EST

LOOKING AHEAD

- US Manufacturing PMIs, EZ Unemployment, US ISM Manufacturing PMI, New Zealand HLFS Unemployment. Earnings from Alphabet, Exxon Mobil, EA, Gilead, AMD, PayPal, General Motors.

Click [here](#) for the Week Ahead preview

EUROPEAN TRADE

EQUITIES

- European bourses are firmer taking impetus from the holiday-thinned APAC handover and Monday's US close; albeit, benchmarks are off best levels, Euro Stoxx 50 +1.0%.

- **Sectors are all in the green** though Telecom lags while Basic Resources, Banks and Tech do well amid base metals, **UBS** (+7.0%) earnings and the NQ/NXPI read-across respectively.
- Stateside, **US futures** are relatively contained but have moved directionally with European peers, the NQ remains the current modest outperformer.

Click [here](#) for a detailed summary.

FX

- **DXY** sheds more Fed rate hike premium and month end rebalancing momentum.
- **Franc** rebounds firmly as yields recede and SNB President Jordan sets sights on keeping track of inflation.
- **Sterling** underpinned by risk appetite and firm UK macro releases.
- **Kiwi** turns table on Aussie after encouraging NZ trade data and RBA pledges patience on tightening after confirming removal of QE.
- **Rouble** on front foot ahead of call between Russia's Foreign Minister Lavrov and US Secretary of State Blinken, but **Lira** lurching after Turkey's manufacturing PMI slows to the brink of stagnation.
- **BoJ is under less pressure to shift yield target than market thinks**, sources cited by Reuters say. Sources say the central bank has many tools to combat rising yields; BoJ currently prefers market operations.

Click [here](#) for a detailed summary.

Notable Expiries, NY Cut:

- EUR/USD: **1.1150 (1.74BN)**, 1.1170-75 (777M), **1.1215 (1.25BN)**, **1.1225-30 (3.0BN)**, 1.1270-75 (685M), 1.1300 (1.65BN), **1.1350-55 (1.2BN)**, 1.1380 (584M), 1.1500 (1.1BN)
- Click [here](#) for the full list.

FIXED INCOME

- **Core debt** regrouping after month end rout, with data on the horizon amid a limited Central Bank docket.
- **BTPs** underperform awaiting Italian syndication and German 2 year yields probes ECB depo rate following a dismal Schatz debut.

Click [here](#) for a detailed summary.

COMMODITIES

- **WTI** and **Brent** are pivoting the mid-point of ~USD 1.50/bbl ranges that have seen a test of yesterday's trough for Brent at worst thus far.
- Total OPEC+ production was lower by 824k/BPD than the required production in December, via JTC cited by Energy Intel's Bakr; overall compliance in December was 122%.
- Goldman Sachs, on OPEC+, sees growing potential for a faster ramp-up, given the pace of the recent rally and likely pressures from importing nations.
- **Spot gold/silver** are firmer picking up from the pressure seen in recent sessions. Though, gold remains near the USD 1800/oz mark and as such the 200-, 100- & 50-DMA's.
- The German government has insisted in talks with Western partners that any sanctions on Russia would allow a loophole for it to continue buying energy from Russia, according to WSJ sources.

Click [here](#) for a detailed summary.

CRYPTO

- **Crypto markets were varied** in which Bitcoin traded sideways around 38.5k and Ethereum gained over 2%.

NOTABLE EUROPEAN HEADLINES

- **ECB Q4 Lending Survey**: Banks indicated, on balance, a considerable increase in firms' demand for loans in the fourth quarter of 2021; largest net increase since the extraordinary rise in loan demand in the first half of 2020. (ECB)

DATA RECAP

- **EU Markit Manufacturing Final PMI (Jan) 58.7 vs. Exp. 59.0 (Prev. 59.0)**

- **UK Markit/CIPS Manufacturing PMI Final (Jan) 57.3 vs. Exp. 56.9 (Prev. 56.9)**
- **EU Unemployment Rate (Dec) 7.0% vs. Exp. 7.1% (Prev. 7.2%, Rev. 7.1%)**

US-SPECIFIC HEADLINES

- **United Parcel Service Inc (UPS) Q4 2021 (USD):** EPS 3.52 (exp. 3.10), Revenue 27.8bln (exp. 27.06bln). FY Revenue view 102bln (exp. 96.56bln), via GlobeNewswire. Propose a quarterly dividend of USD 1.52/shr, +49%; expect to deliver 2023 consolidated revenue and operating margin targets one year early. *+1.8% in the pre-market*

Click [here](#) for the US Early Morning note.

APAC TRADE

- **Asian stocks were positive** but with upside limited amid mass holiday closures for the Lunar New Year.
- **ASX 200 (+0.5%)** rose above 7,000 with the index further underpinned as the RBA stuck to a dovish tone.
- **Nikkei 225 (+0.3%)** was kept afloat after lower unemployment although retraced gains as JPY strengthened.
- **Nifty 50 (+1.4%)** outperformed as focus in India centred on earnings and the budget announcement.

NOTABLE APAC HEADLINES

- **RBA kept Cash Rate Target at 0.10% and announced end to bond purchases, as expected, but reiterated the board is prepared to be patient. RBA said is still too early to conclude that inflation is sustainably within the target band and it will be sometime before aggregate wage growth is at a rate consistent with inflation being sustainably at target** while, it will not increase Cash Rate until inflation is sustainably within 2% -3% target and noted that **easing bond purchases does not imply a near-term increase in interest rates.**
- **Japan parliament adopted resolution on human rights situation in China** which calls on PM Kishida's government to take steps to relieve the situation while working with the international community, according to Reuters.

DATA RECAP

- **Australian Retail Sales MM Final (Dec) -4.4% (Prev. 7.3%)**

GEOPOLITICS

- **US State Department spokesperson said Russia delivered a written response to US proposals regarding Ukraine** although the State Department didn't unveil the details of the response, according to Reuters. Subsequently, **Russia's Deputy Foreign Minister denies reports that the US has received a Russian written response** to security proposals, via Ria.
- **US is weighing deploying more troops to eastern Europe beyond the 8,500 on alert**, according to Reuters.
- **US State Department ordered families of US government staff in Belarus to evacuate the country due to Russian build up along Belarus' border with Ukraine**, according to Axios.
- **UK PM Johnson is to travel to Ukraine today for talks with President Zelensky** and will urge for Russian President Putin to step back from the brink, according to the Mirror.
- **US State Department official said talks to return to the Iran nuclear deal are in the "final stretch"** and that given Iran's nuclear advances, they have only a "handful of weeks" left, while **progress was made in narrowing down the differences and negotiators have returned to capitals for consultations.** Furthermore, the official stated that Iran may not choose to go down the road of compliance and the US is ready to deal with that contingency, according to Reuters.
- **Qatar Foreign Minister said their nation is using its open channels with US and Iran to bring views closer together**, according to Reuters.

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