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## Highlights

- The total amount of money circulating in Japan hit a fresh record for the 11th straight month in January, data showed on Wednesday. Japan's M3 money supply, a broad measurement of the amount of money available in the economy, rose 3.3% in January from a year earlier, Bank of Japan data showed. The total balance extended a record high at 1,534.5 trillion yen (\$13.29 trillion), which is roughly triple the size of Japan's economy.
- The U.S. trade deficit surged to a record high in 2021 as imports increased sharply amid the restocking of shelves by businesses to meet robust domestic demand. The trade deficit increased 27.0% last year to an all-time high of \$859.1 billion. It was at \$676.7 billion in 2020.

## Forex

The dollar touched a one-month high versus the yen on Wednesday, boosted by a climb in Treasury yields to multi-year peaks overnight as traders wait on U.S. inflation data this week for clues on the pace of Federal Reserve policy tightening. A more hawkish tone from both the ECB and the Fed last week caught markets off guard and sent yields soaring on euro zone and U.S. debt in anticipation rates could rise faster and higher than previously expected. The dollar rose at one point in early Asian trading to 115.69 yen, the highest since Jan. 10, before pulling back to last trade 0.08% lower at 115.43. The euro was about flat at \$1.1420, following its gradual retreat from a peak of \$1.1483 on Friday, which matched the highest level in almost three months.

## Gold

Gold prices were steady on Wednesday near a two-week high scaled in the previous session, as inflationary risks and Russia-Ukraine tensions underpinned the safe-haven metal, despite the prospect of an aggressive rate hike by the U.S. central bank. Spot gold XAU= was steady at \$1,825.89 per ounce by 0108 GMT, hovering close to Tuesday's high of \$1,828.68. U.S. gold futures GCv1 dipped 0.1% to \$1,826.30.

## Copper

London copper prices edged higher on Wednesday amid an improved risk appetite and subdued U.S. dollar, while aluminium hovered close to a 14-year high touched in the previous session on investor concerns over tight supply and dwindling inventories. Three-month copper on the London Metal Exchange (LME) was up 0.3% at \$9,811 a tonne, as of 0325 GMT, while the most-traded March copper contract on the Shanghai Futures Exchange eased 0.1% to 70,500 yuan (\$11,082.47) a tonne. Total copper inventory across all three exchanges - LME, ShFE and CME - was 200,402 tonnes at the end of January. It fell by 73,000 tonnes last year, the fourth consecutive annual decline.

Currency	Rate	24H Chg		
EUR/USD	1.1426	0.10%		
USD/CNY	6.366	0.10%		
USD/RUB	75.0133	0.00%		
USD/JPY	115.4	-0.13%		
USD/KRW	1195.55	-0.22%		
AUD/USD	0.7154	-0.05%		
GBP/USD	1.3556	0.00%		
Index	Unit	24H Chg		
Dow Jones	35462.8	1.06%		
S&P 500	4521.5	0.84%		
NASDAQ	14194.5	1.28%		
FTSE 100	7567.1	-0.08%		
Nikkei 225	27496.9	0.78%		
DAX	15242.4	0.23%		
Hang Seng	24726.9	1.63%		
Commodity	Price	24H Chg		
Gold	1827.74	0.10%		
Silver	23.28	0.41%		
Coal (Qinhuangdao Port)	165.72	7.98%		
Copper 3M Future	9781	0.04%		
Iron Ore	786.50	-5.24%		
Crude Oil	89.44	0.09%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.12%	8.17%		
US 3M LIBOR	0.36%	6.91%		
US 6M LIBOR	0.62%	12.09%		
US 12M LIBOR	1.09%	9.28%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.94%	-1.30%		
UK Treasury 10Y	1.49%	5.75%		
GE Treasury 10Y	0.27%	16.23%		
JP Treasury 10Y	0.21%	-5.96%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
Chinggis	5.13%	12/5/2022	3.09%	-0.01%
Gerege	5.63%	5/1/2023	3.71%	-0.03%
DBM 2023	7.25%	10/23/2023	4.03%	0.10%
Khuraldai	8.75%	3/9/2024	4.08%	-0.16%
MMC	9.25%	4/15/2024	22.17%	0.29%
MHK 2024	8.85%	8/2/2024	11.18%	-0.05%
Nomad	5.13%	4/7/2026	4.76%	-0.01%
Mongol 27	3.50%	7/7/2027	4.98%	-0.16%
Mongol 31	4.45%	7/7/2031	5.42%	-0.11%
Samurai JPY	1.52%	12/25/2023	0.04%	-0.01%

Stock	Price	24H Chg
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Turquoise Hill Resources	19.54	1.93%
Mongolian Mining Corp	1.94	3.74%
Erdene Resource Dev	0.44	14.29%
Centerra Gold	10.67	0.85%

Macro economic indicator	Date	Actual
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Inflation rate	2021 (XII)	13.4%
Policy rate	2022 (I)	6.5%
Interbank rate	2021 (XI)	6.08%
Interest rate on deposit (dom.currency)	2021 (XII)	7.04%
Interest rate on deposit (for.currency)	2021 (XII)	2.04%
Interest rate on lending (dom.currency)	2021 (XII)	15.54%
Interest rate on lending (for.currency)	2021 (XII)	9.07%

### Forecasts

Currency	Q1 22	Q2 22	Q3 22	Q4 22	2023
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EUR/USD	1.12	1.13	1.15	1.15	1.17
GBP/USD	1.34	1.35	1.36	1.37	1.40
USD/CNH	6.39	6.35	6.40	6.44	6.40
USD/JPY	114	115	115	115	115
USD/RUB	73.0	72.0	73.07	73.0	73.5

### Commodity

Gold	1775	1750	1700	1680	1650
Copper	9500	9350	9400	9500	9550
Coal	138.13	109.38	93.13	79.38	62.50

### Economic Calendar

Source: Bloomberg

Last working day	Actual	Survey	Prior
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CA Trade Balance C\$	-0.14B	2.62B	3.13B
US International Trade \$	-80.7B	-83.0B	-80.2B
JP Current Account NSA JPY	-370.8B	73.5B	897.3B

Expected today	Time	Survey	Prior
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US Wholesale Invt, R MM	23:00	2.1%	2.1%
GE Trade Balance EUR	15:00	10.4B	10.9B
IT Industrial Output YY	17:00	5.0%	6.3%
IT Industrial Output MM	17:00	-0.7%	1.9%

Expected tomorrow	Time	Survey	Prior
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US Initial Jobless Claims	21:30	230k	238k
US CPI MM	21:30	0.5%	0.5%
JP Corp Goods Price YY	7:50	8.2%	8.5%
JP Corp Goods Price MM	7:50	0.4%	-0.2%

### Crude Oil

Oil prices nudged up on Wednesday following two sessions of losses after industry data showed an unexpected drop in U.S. crude and fuel stocks, offsetting concerns of a possible rise in supplies from Iran. Crude inventories fell 2 million barrels, according to API, versus analysts' expectations of a 400,000-barrel increase. Brent crude futures LCOc1 rose 23 cents, or 0.3%, to \$91.01 a barrel.

### Fixed Income

The selloff in the world's biggest bond markets looks set to extend, which will push benchmark U.S. 10-year Treasury yields beyond 2% as expectations for aggressive rate hikes mount, according to investors. Yields on 10-year Treasuries climbed to as high as 1.96% on Tuesday, the highest since November 2019. Australia's benchmark yields soared 13 basis points, while the Japan equivalent approached a level that the central bank has indicated it will defend.

### Stock Market

Stocks rose Wednesday and a selloff in sovereign bonds paused, bringing some relief for markets from the concerns about tightening monetary policy that have whipsawed assets this year. An Asia-Pacific share gauge jumped 1% to a two-week high, helped by Japan and a rally in a Hong Kong technology index. U.S. equity futures advanced after the S&P 500 closed near session highs. Dip-buying lifted the Nasdaq 100 and a U.S. small-cap gauge outperformed.

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