February 28, 2022

Monday Briefing – 28th February 2022

HIGHLIGHTS

- Humanitarian and geopolitical factors are front and centre. The launch of a full-scale invasion of Ukraine, beyond the breakaway Donbass region, surprised investors and triggered a spike in financial market volatility
- After initial panic, stocks finally rose at the end of last week with investors relieved that Western sanctions against Russia which targeted its major banks and technology exports did not put up barriers to Russian commodity exports
- Despite an upside reversal and the fact that US equity indices closed higher for the week, short-term uneasiness persisted as the market remained wary of knock-on effects from the ongoing crisis. Greater geopolitical, inflationary, and monetary-policy uncertainties are likely to keep volatility elevated for longer
- New sanctions announced over the weekend against the central bank of Russia (ban on transactions and a freeze on assets) and the exclusion of some Russian banks from the interbank messaging service, SWIFT, further destabilized financial markets
- On Monday, the ECB warned that the European subsidiary of Russia's state-owned Sberbank is 'failing or likely to fail' in the wake of sanctions aimed at punishing Moscow.

Early on, BP announced that it will exit its shareholding in Rosneft and that it will write down up to $25bln following the exit

- While geopolitical turmoil overshadowed a continued strong Q4 earnings season and a mostly positive economic calendar, the well-scripted turn by global central banks towards tighter, post-pandemic monetary policy has been thrown into doubt, with geopolitical upheaval likely to be felt differently across the world's major economic centres
- This week, geopolitical developments will be followed closely. In addition to that, we'll also hear from Fed Chair Powell as he testifies before the House and Senate Committees. Otherwise, the economic calendar is poised to garner heavy market attention with US Unemployment and Eurozone Inflation

ECONOMIC CALENDAR

Monday – Japan Industrial Production (Preliminary, January), Retail Sales and Housing Starts (January). Spain Inflation (Preliminary, February). EU Bond Auction. US Wholesale Inventories and Goods Trade Balance (Advanced January).

Tuesday – Japan Jibun Bank Manufacturing and Services PMI (Final, February). China NBS Manufacturing and Non-Manufacturing PMI (February), Caixin Manufacturing PMI (February). Germany Retail Sales (January). UK Nationwide House Prices (February). UK and Eurozone Markit Manufacturing PMI (Final, February). Italy Inflation (Preliminary, February), Full Year GDP Growth (2021) and government budget. Germany Inflation (Preliminary, February). US President Biden State of the Union Speech, Markit Manufacturing PMI (Final, February) and ISM Manufacturing PMI (February). China Standing Committee of the CPPCC National Committee.

Wednesday – France Budget Balance (January), Germany Unemployment (February). Eurozone Inflation (Flash, February). US ADP Employment Change (February), Fed Beige Book. China Standing Committee of the CPPCC National Committee. OPEC and non-OPEC Ministerial Meeting. Russia GDP Growth (January).

Thursday – Japan Jibun Bank Composite PMI (Final, February), Consumer Confidence (February). Germany New Car Registrations (February). China Caixin Composite PMI (February). UK, US, Eurozone and Russia Markit Composite PMI (February). Italy Unemployment (February). Eurozone Unemployment and PPI (January). US Weekly Jobless Claim, ISM Non-Manufacturing PMI (February), Non-Farm Productivity (Final, Q4), Factory Orders (January).

Friday – Japan Unemployment (January). Germany Balance of Trade (January). Italy GDP Growth (Final, Q4). Eurozone Retail Sales (January). Spain Consumer Confidence (February). US Non-Farm Payrolls, Average Hourly Earnings, Total Vehicle Sales and Unemployment (February). China CPPCC National Committee

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