

DM Headlines

- Fed Minutes Flag Chance of Earlier Hikes, Balance-Sheet Rundown
Report offers more details on FOMC debate over inflation pivot
Some officials favor 'significant' runoff of balance sheet
<https://blinks.bloomberg.com/news/stories/R5980BDWRGG1>
- Fed Leaves Gradualism Behind With Urgency on Rates, Assets
Officials want to start balance-sheet runoff after liftoff
Markets raise bets Fed will increase interest rates in March
<https://blinks.bloomberg.com/news/stories/R599VYDWX2PU>
- Treasuries at 3%, Sell Tech: Traders Update Bets on Hawkish Fed
Fed talk about balance sheet sends shockwaves through markets
Treasuries selloff extends, with dollar gaining against peers
<https://blinks.bloomberg.com/news/stories/R59WGBT0AFB4>
- Debate Emerges Over How to Shrink Fed's \$8 Trillion Bond Pile
Some officials see advantage in greater weight on bond runoff
Others worry about 'vulnerabilities' in market for Treasuries
<https://blinks.bloomberg.com/news/stories/R598HUDWX2PW>
- U.S. 10-Year Yield May Hit 2% in 2H as Fed Hikes: Nomura
<https://blinks.bloomberg.com/news/stories/R59J79T0AFGA>
- Oil Falls on Tighter U.S. Monetary Policy, China Demand Angst
Federal Reserve points to possibility of faster rate increases
WTI drops below \$77 a barrel after rising in past 3 sessions
<https://blinks.bloomberg.com/news/stories/R59RLIT1UMOW>
- U.S. INSIGHT: Bloomberg Rule Flags Risk of Six Fed Hikes in 2022
<https://blinks.bloomberg.com/news/stories/R599LJDWLU7C>

- ECB Will Act If Inflation Outlook Picks Up, Kazaks Says (1)
Rate hikes, further withdrawal of support possible if needed
'Flexibility is the name of the game,' Latvian official says
<https://blinks.bloomberg.com/news/stories/R58MGHDWRGG0>
- ECB's Raising a Blind Eye to Its Inflation Telescope in 2022
<https://blinks.bloomberg.com/news/stories/R59Y57DWRGG0>
- Italy's Bond Sale Demand Thins Ahead of Risks From Draghi to ECB
Italy is selling seven billion euros of 30-year debt via banks
Orders above 55 billion euros, short of similar 2020 sale
<https://blinks.bloomberg.com/news/stories/R58LALT0AFB4>
- German Factory Orders Rise in Boon for Pandemic-Stricken Economy
Orders up 3.7% in November; economists predicted 2.3% increase
Rebound comes as German economy faces new pandemic threats
<https://blinks.bloomberg.com/news/stories/R58ODYT0G1KW>
- France's Macron Says He Wants to 'P--- Off' the Unvaccinated (3)
People without shot undermine national cohesion, Macron says
Germany also seeking to turn up pressure on unvaccinated
<https://blinks.bloomberg.com/news/stories/R58Q6JT0AFB4>



RUBRICS

- U.K. Inflation Concerns Hit the Highest on Record for Businesses
<https://blinks.bloomberg.com/news/stories/R58R82T0AFB7>
- Pound Traders Are in No Hurry to Hedge Before FOMC, BOE: Chart
<https://blinks.bloomberg.com/news/stories/R58BEQT0G1L1>

- Citi Cuts Australia 1Q GDP Forecast to 1.3% From 2.3% on Omicron
<https://blinks.bloomberg.com/news/stories/R59LX0DWRGG0>
- (AU) Dec. Markit Australia PMI Services, actual 55.1, prior 55.1
- (AU) Dec. Markit Australia PMI Composite, actual 54.9, prior 54.9
- Aussie Drops as Fed Minutes Hurt Sentiment: Inside Australia/NZ
<https://blinks.bloomberg.com/news/stories/R59VLNDWX2Q2>
- Australian Stocks Slump Most in Over a Year After Fed Minutes
Tech stocks drag, tracking global peers on higher rate fears
Australian shares mark worst session since Sept. 2020
<https://blinks.bloomberg.com/news/stories/R59VIVDWX2PS>

- BOJ Is Said to Mull Changing Long-Held View on Price Risks (2)
Bank has said risks skewed downward since October 2014
Changed view wouldn't herald policy normalization, people say
<https://blinks.bloomberg.com/news/stories/R59PITT1UMOW>
- Yen May Fall to 116.80 If U.S. Yield Reaches 2021 High: Shinkin
<https://blinks.bloomberg.com/news/stories/R59N58T0AFB4>
- Japan FX Risk Takers Can Look at Both Short, Long USTs: MUFJ MS
<https://blinks.bloomberg.com/news/stories/R59KQTT0AFB7>
- (Japan) Dec. Jibun Bank Japan PMI Services, actual 52.1, prior 51.1
- (Japan) Dec. Jibun Bank Japan PMI Composite, actual 52.5, prior 51.8
- Yen Is Cheapest Ever After Tumble, JPMorgan Index Shows (1)
Gauge based on real effective exchange rate fell to record low
Yen may extend decline to 120 per dollar: Capital Economics
<https://blinks.bloomberg.com/news/stories/R59NQGDWRGG0>
- Yen Up On Risk-Off, 10-Yr JGB Yield at 9-Mo High: Inside Japan
<https://blinks.bloomberg.com/news/stories/R59PF6T0G1KW>

EM Headlines

- (China) Dec. Caixin China PMI Composite, actual 53.0, prior 51.2
- (China) Dec. Caixin China PMI Services, actual 53.1, est. 51.7, prior 52.1
- PBOC Drains More Cash, CNY Weakens On Hawkish Fed: Inside China
<https://blinks.bloomberg.com/news/stories/R59O49DWX2PT>
- China Bonds Pressured by Rapidly Shrinking Yield Premium: Chart
<https://blinks.bloomberg.com/news/stories/R59KEDDWRGG0>
- China Party Official Says Stabilizing Economy is Political Task
<https://blinks.bloomberg.com/news/stories/R59HKPT1UM0W>
- China Local Govts to Front Load 1Q Investment: Shanghai Sec News
<https://blinks.bloomberg.com/news/stories/R59F6JT1UM0W>
- China Seen Delaying Property Tax Trials Until Market Improves
In 2021, government authorized expanding trial to more cities
But house prices are falling, property developers defaulting
<https://blinks.bloomberg.com/news/stories/R56ALADWRGG2>
- North Korea Says Test Shows Progress Toward Hypersonic Missile
Kim Jong Un is developing new, quick-strike nuclear weapons
Leader appears more interested in arsenal than talks
<https://blinks.bloomberg.com/news/stories/R59H23DWX2PS>
- Won Slides to 17-Month Low on Fed Hike Bets, Missile Launch
Currency falls as much as 0.4% to level unseen since July 2020
Move comes as traders bet the U.S. will speed up rate hikes
<https://blinks.bloomberg.com/news/stories/R59HVQDWLU6C>
- Goldman Now Sees Korea Raising Rates Next Week on Hawkish Signs
Co. had projected BOK hike in April; sees another hike in Aug.
S. Korea's three-year bond advanced for a fourth day to 1.92%
<https://blinks.bloomberg.com/news/stories/R586Z5DWLU6F>
- S. Korea Bonds Slide on Rate Hike Bets; Won Drops: Inside Korea
<https://blinks.bloomberg.com/news/stories/R59L90DWLU68>
- Rupiah Declines as Fed Hikes May Slow Inflows: Inside Indonesia
<https://blinks.bloomberg.com/news/stories/R59MGCT0AFB6>

- World's Biggest Oil Hedge Could Shrink If Mexico Curbs Exports
Mexico oil hedging may fall if the country's ambitious plan to cut oil exports succeeds.
<https://blinks.bloomberg.com/news/stories/R59AR6DWRGG1>
- Mexico Buys Back \$2 Billion in Old Debt Using Brand-New Bonds
Government exchanged existing debt for notes priced Tuesday
Investors swapped old notes for new bonds due in 12, 30 years
<https://blinks.bloomberg.com/news/stories/R58RJRDRGG0>
- Chile Assembly That's Rewriting Constitution Taps New Leadership
Maria Elisa Quinteros elected president in ninth voting round
New charter to be put to national referendum later in 2022
<https://blinks.bloomberg.com/news/stories/R56MG3T1UM0W>
- Argentina Says IMF Economic Plan Would Derail Its Recovery (1)
Guzman says IMF proposing a fiscal path that would hurt growth
Opposition leaders refused to participate in IMF talks meeting



- <https://blinks.bloomberg.com/news/stories/R59ELOT0AFB7>

 - Mexico Covid Cases Climb Most Since September as Shots Go Unused
Deaths, hospitalizations still low in comparison to past waves
Mexico City authorities ramping up testing in anticipation
<https://blinks.bloomberg.com/news/stories/R58UTET1UM0W>
 - Brazil's Bolsonaro Leaves Hospital After Latest Health Scare (2)
President was hospitalized Monday with intestinal blockage
Doctors ruled out need for fifth surgery after 2018 stabbing
<https://blinks.bloomberg.com/news/stories/R58PS5T0G1L0>
 - Brazil's Best-Known Hedge Fund Stumbles to a Rare Annual Loss
Verde's flagship fell 1.1% after bad bet on domestic stocks
Only the second time since 1997 it has posted yearly losses
<https://blinks.bloomberg.com/news/stories/R56SCUTOG1KW>
 - Chile Lower House Committee Adds Wealth Tax to Pay Pensions
<https://blinks.bloomberg.com/news/stories/R599AODWX2PU>
 - Colombian Inflation Jumped More Than Expected to Five-Year High
Prices rose 5.62% last year led by food and utilities costs
Economy is rebounding from its deepest slump on record
<https://blinks.bloomberg.com/news/stories/R595N5T1UM10>
- Russia to Send Troops as Kazakh Protests Spark Bank Suspension
CSTO bloc to deploy 'peacekeeping forces' after unrest
Oil-rich central Asian nation hit by nationwide demonstrations
<https://blinks.bloomberg.com/news/stories/R59XP3DWLU6C>
- Poland's Glapinski Favors More Tightening as New MPC Looms
Governor backs additional hikes in 50 basis-point steps
Benchmark rate could rise to 3% or even 4%, if economy strong
<https://blinks.bloomberg.com/news/stories/R58RPTT0G1KX>
- Hungary Nov. Unemployment Rate Falls to 3.7%
<https://blinks.bloomberg.com/news/stories/R588NZGFFW8W>
- Czech Cabinet Cuts Quarantine for Covid-19 Positive, Fiala Says
<https://blinks.bloomberg.com/news/stories/R58MJEDWX2PT>
- South Africa Judicial Probe Puts Zuma at Center of State Plunder
Ex-president was found to have facilitated illicit contracts
Zuma was given 15 months sentence for refusing to testify
<https://blinks.bloomberg.com/news/stories/R58ATZDWRGG0>
- South Africa Omicron Excess Deaths a Fraction of Other Waves (1)
Weekly excess deaths peak at 3,087 in current infection wave
Excess weekly deaths surged to more than 16,000 in beta wave
<https://blinks.bloomberg.com/news/stories/R59XMKT1UM0W>