



Philequity Corner (January 3, 2022)
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2021 Scorecard

2021 was a year of resilience and recovery. Despite the volatility caused by record cases of Covid, mutating variants, high inflation, and threats of interest rate hikes, markets remained strong. With the arrival of Covid vaccines, easing restrictions, and reopening of economies, the global economy recovered rapidly. The massive fiscal stimulus and ultra-accommodative monetary worldwide sent stocks and other risk assets soaring in 2021.

Stocks

US stocks led the global stock market rally after record-breaking earnings from the big tech companies. As a result, the S&P 500 index ended the year with a 26.9% gain. The S&P 500 made 70 record highs in 2021, the second-most of any year in history (1995 had 77). Meanwhile, Japan's Nikkei was the worst-performing major market. With the yen declining more than 10% against the US dollar last year, the Nikkei posted a -5.9% return in US dollar terms.

Vietnam's VN Index led Asia with a 37.6% return in US dollar terms. Vietnam's economy grew by 2.9% in 2020, one of a few economies expanding amid the Covid pandemic. On the other hand, Hong Kong's Hang Seng was the worst-performer in the region with a -14.6% drop amid China's widespread regulatory crackdown. Philippines was basically flat, down -0.2% for the year in peso terms and -5.9% in US dollar terms.

Major Markets	Local YTD	in USD YTD	Emerging Asia	Local YTD	in USD YTD
US (S&P 500)	26.9%	26.9%	Vietnam	35.7%	37.6%
US (Nasdaq)	21.4%	21.4%	Taiwan	23.7%	25.5%
Canada	22.1%	22.1%	India	22.0%	20.0%
France	28.9%	19.4%	Indonesia	10.1%	8.4%
US (Dow Jones index)	18.7%	18.7%	Singapore	9.8%	7.5%
Switzerland	20.3%	16.5%	China (SHCOMP)	4.8%	7.3%
Italy	23.0%	13.9%	Thailand	14.4%	2.9%
UK	14.3%	12.9%	South Korea	3.6%	-5.4%
Germany	15.8%	7.3%	Philippines	-0.2%	-5.9%
Australia	13.0%	6.6%	Malaysia	-3.7%	-7.2%
Spain	7.9%	0.0%	Pakistan	1.7%	-7.9%
Japan	4.9%	-5.9%	Hong Kong	-14.1%	-14.6%

Commodities

Energy commodities saw their biggest annual gain since 2009. WTI crude oil surged 55%, while natural gas rose 47% on supply concerns, soaring demand, and an energy crisis in Europe.

Industrial metals had another banner year as global demand recovered. Tin, mainly used as a soldering agent for semiconductor chips, electronics, solar panels, and appliances, soared 91% for the year. This is the biggest annual rise for tin on record. Meanwhile, precious metals ended the year lower, with palladium languishing at the bottom with a -22% decline.

Among soft commodities, coffee was the clear winner. It gained 76.3% last year to record a 10-year high. Orange juice was the worst performer but was up 11.5%.

Energy	YTD	Agriculture	YTD
WTI crude oil	55.0%	Canola	59.0%
Brent crude oil	50.2%	Corn	22.6%
Dubai crude oil	47.0%	Wheat	20.3%
Natural gas	46.9%	Rough Rice	17.1%
Metals		Softs	
Tin	91.1%	Coffee	76.3%
Aluminum	42.4%	Lumber	59.4%
Zinc	29.2%	Cotton	44.1%
Copper	26.8%	Sugar	21.9%
Nickel	25.0%	Orange Juice	11.5%
Gold	-3.7%	Livestock	
Silver	-11.6%	Live cattle	21.4%
Palladium	-22.2%	Lean hogs	15.9%

Currencies & Cryptos

The US dollar index ended 2021 with a 6.4% gain, registering its best year since 2015. An improving US economy and a hawkish Fed have supported the US dollar. The Fed is expected to increase interest rates as early as March, well ahead of most other major economies.

The best-performing major currency was the Canadian dollar which gained 0.61% in 2021. Conversely, the Japanese yen, which weakened -10.3%, was the worst. Among Asian EM currencies, the Chinese yuan was the best, with a 2.41% appreciation. Most Asian currencies ended the year in red, with the worst being the Thai baht, down -10%. Meanwhile, the Philippine peso weakened 5.7%.

Cryptos had another big year in 2021. Despite the sharp sell-off the past two months, Bitcoin ended the year up 60%, while Ethereum rose 400%.

Major Currencies	YTD	Asian EM currencies	YTD
USD	6.4%	Chinese Yuan	2.4%
Canadian Dollar	0.6%	Taiwanese Dollar	1.5%
British Pound	-1.2%	Vietnamese Dong	1.4%
Norwegian Krone	-2.6%	Hong Kong Dollar	-0.6%
Swiss Franc	-3.2%	Indonesian Rupiah	-1.5%
Australian Dollar	-5.6%	Indian Rupee	-1.7%
Euro	-7.4%	Singaporean Dollar	-2.1%
Japanese Yen	-10.3%	Malaysian Ringgit	-3.6%
Cryptocurrencies	YTD	Philippine Peso	-5.7%
Ethereum	398.3%	Korean Won	-8.7%
Bitcoin	59.6%	Pakistani Rupee	-9.4%
		Thai Baht	-10.0%

China stocks' biggest 1-day surge

Chinese companies publicly traded in the US posted their biggest 1-day surge since 2008. After plunging 61% from its all-time high, the Nasdaq Golden Dragon China Index (HXC) rallied 9.4% on Thursday. JP Morgan and Goldman Sachs are now betting that China stocks will perform better in 2022, saying that most of the headwinds the country is facing are now priced in. The recovery in the bombed-out Chinese stocks may help emerging markets recover, including Asia and the Philippine stock market.

We wish our readers a better, peaceful, and prosperous New Year!

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