

# Weekly Report



## Market Overview



### US indexes rose as a new round of stimulus plan was implemented.

**Review:** U.S. stocks rose as the signing of a new round of economic stimulus package by U.S. President Donald Trump outweighed negative news such as the UK mutated virus. The Dow and S&P 500 index rose 1.35% and 1.43% last week; Nasdaq gained 0.65%.

**Outlook:** The market will pay attention to the Georgia Senate runoff this week as the result will involve future control of the Senate. In addition, the Federal Reserve will release meeting minutes, which will also affect market sentiment. U.S. stocks are expected to fluctuate at a high level in the near term but we expect the upward trajectory to be maintained in 1Q21.



### European stock markets rose as the vaccination plan kicks off

**Review:** Europe equities rose as the U.S. president signed a new round of stimulus bills, the UK and the EU reached a trade agreement and the euro zone launched a vaccination program. The MSCI Europe Index rose 0.73% last week.

**Outlook:** The overall market sentiment is optimistic, and the short-term upward trend can still be maintained. In the medium to long term, stimulus measures such as the European Recovery Fund, ECB stimulus policies and low valuations will benefit European stock markets.



### SHCOMP rose as PBOC promises to support economic recovery

**Review:** The People's Bank of China (PBOC) promised to provide support to ensure sustained economic recovery, plus China and the EU reached an investment agreement, boosting market sentiment. The Shanghai Stock Exchange Index rose 2.25% last week.

**Outlook:** The Chinese economy continues to improve steadily, and there is still policy room to promote fiscal and monetary policies to withstand external shocks. The Shanghai Composite (SHCOMP) Index is expected to challenge 3,500 points.



### HSI rose more than 3% and ended four consecutive weekly declines

**Review:** The Hang Seng Index (HSI) rose 3.2% last week driven by financial stocks and technology stocks, ended four straight weekly declines and broke through the 27,000 level.

**Outlook:** We expect Hong Kong equities can maintain an upward trend in the short term, as the daily confirmed cases in Hong Kong has gradually fallen, coupled with the strong performance of the Chinese A-shares and the steady appreciation of the renminbi.



### STI rose 0.06% last week

**Review:** The Straits Times Index (STI) fell 11.76% for the whole of 2020, making it the worst-performing major stock market in the Asia-Pacific region. Last week, the STI continued to fluctuate at a high level, rising slightly by 0.06% to close at 2,847.46.

**Outlook:** As the market waits for the results of the U.S. Senate election in Georgia, we expect Singapore equities to continue to fluctuate within a range with strong support at 2,800.

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### Indonesian equities fell 0.46% last week, the second week of decline

**Review:** Due to low interest rates globally and weak USD, yield investing funds flowed into the Indonesian market. The Indonesian rupiah rose 1.1% last week. The Jakarta Composite Index fell slightly by 0.49%, the second week of decline.

**Outlook:** We expect both equities and currency will still maintain upward momentum, as the market sentiment is still strong, coupled with the U.S. new round of stimulus plan and the continued depreciation of the dollar. Investors should note that the independence of the central bank is still a risk factor.



### South Korean stocks rose 2.37%, the ninth consecutive week of gains

**Review:** South Korea's industrial production in December increased by 0.5% year-on-year, which was better than November's -2%. This drove the KOSPI to rise by 2.37% last week, the ninth consecutive week of increase.

**Outlook:** We expect that in the short-term market will continue to rise, as the overall market sentiment is still positive, coupled with the adoption of a new stimulus package in the U.S..



### Indian stock market rose 1.91%, hitting a record high

**Review:** The number of newly diagnosed cases in India has fallen every day. The Sensex index rose by 1.91%, the ninth straight week of increase, setting a record high.

**Outlook:** We expect that in the short-term market will continue to rise, as the overall market sentiment is still positive, coupled with the adoption of a new stimulus package in the U.S..



### Russian stocks rose 0.66% on the back of rising oil prices

**Review:** The RTS index rose 0.66% last week as oil prices increased.

**Outlook:** The Russian stock market will benefit from the start of the mass vaccination progression and oil prices continued trading at high levels.



### Brazil equities rose as demand for commodities remained strong

**Review:** The weakness in the USD and the better-than-expected unemployment rate in October boosted the BOVESPA to rise 1.03% last week.

**View:** We expect that in the short-term market will continue to rise, as the overall market sentiment is still positive, coupled with the adoption of a new stimulus package in the U.S as well as strong demand for raw materials.

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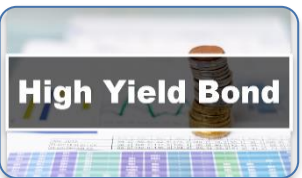
### Global Bonds



#### Government bond index rose as investors are worried about the mutated virus

**Review:** Although many countries began to vaccinate and the U.S. passed a new round of economic stimulus plan, but the new mutated coronavirus raised concerns. The FTSE World Government Index rose 0.13% last week.

**Outlook:** Investors will weigh the potential downside risks of the increase in coronavirus cases and the sustainability of economic recovery in the short term. The government bond market will be volatile in the short term.



#### High-yield bonds rose

**Review:** The Bloomberg Barclays US High Yield Bond Index rose 0.47%, and the European High Yield Bond Index rose 0.08%.

**Outlook:** The central bank's policy support and the low interest rate environment will continue to support the demand for high-yield corporate bonds in the market. However, the default rate of U.S. high-yield bonds shows signs of further rise. Investors should choose investment targets carefully.



#### EM bonds rose as USD fell

**Review:** The USD fell. The Bloomberg Barclays Emerging Countries U.S. Sovereign Bond Index rose 0.18% this week, and the local government bond index (in USD) rose 0.57%.

**Outlook:** Factors such as the low interest rate environment and the expected continued weakness in the USD in the medium and long term should continue to benefit emerging market bonds. Investors can choose emerging market bonds with relatively good fundamentals.



### Commodities



#### Gold rose as USD fell

**Review:** The USD continued to decline and fell to a 32-month low. Gold rose 0.81% last week to close at US\$1,898.67/oz.

**Outlook:** The USD is expected to remain weak, coupled with global quantitative easing and a low interest rate environment, gold will benefit in the medium and long term.



#### WTI rose 0.6%

**Review:** US crude oil inventories fell more than expected for two consecutive weeks. WTI and Brent oil prices rose by 0.6% and 0.99% respectively last week.

**Outlook:** OPEC+ is expected to continue to adjust supply according to market demand. Vaccine optimism will boost market demand. The market will continue to balance the existing supply and demand relationship. In the short term, oil prices will continue to fluctuate around US\$50/bbl.

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## Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	27231.13	3.20	2.88	-3.04	0.37	-8.65	24.72	15.05
Hang Seng China Enterprise	10738.40	2.95	0.09	-4.47	-0.65	-8.89	10.43	-17.50
Shanghai Composite	3473.07	2.25	1.08	14.39	0.46	5.50	-1.41	21.75
Shenzen Composite	2329.37	2.44	3.89	37.88	1.98	25.07	2.89	77.63
Dow Jones Industrial	30409.56	1.35	2.62	7.25	0.00	23.82	75.65	161.79
S&P 500	3732.04	1.43	2.56	16.26	0.00	40.49	83.77	195.71
NASDAQ COMPOSITE	12870.00	0.65	4.32	43.64	0.00	86.69	157.38	380.68
FTSE 100	6555.82	-0.64	1.19	-14.34	0.00	-15.96	3.50	7.43
DAX	13761.38	0.97	3.22	3.55	0.00	6.20	27.70	96.68
NIKKEI 225	27444.17	2.95	3.45	15.59	-0.36	20.12	43.67	163.93

Data Sources : Bloomberg Data as of 2021/1/1

## Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Pending Home Sales YoY Nov	20.40%	17.50%	16.40%	Below
US	Initial Jobless Claims 26/DEC	806K	815K	787K	Above
JP	Industrial Production YoY Nov	-3.00%	-0.70%	-3.40%	Below
CN	Manufacturing PMI Dec	52.10	51.50	51.90	Above
KR	Trade Balance Dec	5.93B	5.7B	69.4B	Above
HK	Trade Balance Nov	-36.8B	-10B	-25.6B	Below

Data Sources : Bloomberg Data as of 2021/1/1

## Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	99 16/32	0.43	1.65
US Treasury 10Y	99 19.75/32	0.11	0.90
US Treasury 5Y	100 2.125/32	0.08	0.36
US Treasury 2Y	100 0.125/32	0.01	0.12
US Tbill 3M	0.07	-12.36	0.07
China Govt Bond 10Y	100.75	4.57	3.18
Japan Govt Bond 10Y	100.80	0.04	0.02
German Bund 10Y	105.67	0.20	-0.57
UK Gilt 10Y	144.59	0.33	0.21

Data Sources : Bloomberg Data as of 2021/1/1

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.75	-0.04	0.03	-0.00
HKD/CNH	0.84	-1.09	-0.93	-0.69
USD/CNH	6.50	-1.14	-0.90	-0.68
USD/JPY	103.20	-0.79	-1.13	-0.25
USD/CAD	1.27	-1.22	-0.68	-0.22
GBP/USD	1.37	1.81	1.89	0.18
AUD/USD	0.77	1.82	3.93	0.30
EUR/USD	1.22	0.33	1.11	0.33

Data Sources : Bloomberg Data as of 2021/1/1

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