

Weekly Report



Market Overview



U.S. three major indexes fell as bond yields rose

Review: U.S. stocks fluctuated at high levels as the market observes the U.S. political situation, the details of Biden's stimulus plan, corporate earnings, and bond yields rose. The Dow and the S&P 500 fell 0.91% and 1.48% last week. Nasdaq fell 1.54%.

Outlook: The market will continue to wait and see how the political situation evolves and the change in interest rates. In addition, the earnings season is about to begin and U.S. stocks are expected to continue to fluctuate at a high level in the near term. In addition, the Federal Reserve will maintain an extremely loose monetary policy and the U.S. government will continue to introduce economic stimulus policies. The upward trend of U.S. stocks has not changed. We expect that the upward trend will continue in the first quarter.



European stock markets fell as the outbreak in Europe remains severe

Review: The outbreak in Europe is still severe, with strict lockdown measures in many countries and Italy is dealing with political turmoil. The MSCI Europe Index fell 0.76% last week.

Outlook: Market sentiment is mixed in the near term, and European stocks are likely to fluctuate at a high level. 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.



Shanghai Composite Index fell as U.S.-China tensions pressured markets

Review: The U.S. added more companies to the blacklist. The tensions between China and the United States dampened market sentiment. The Shanghai Composite Index fell 0.1% last week.

Outlook: The Chinese economy continues to improve steadily. In addition, there is still room for China to pass fiscal and monetary policies to withstand external shocks. However, there new Covid-19 infections in China recently. The Shanghai Composite Index is expected to fluctuate around 3,600 in the short term.



Hang Seng Index rose 2.5%, third consecutive week of increase

Review: Funds from China continued to flow into Hong Kong. The Hang Seng Index continued to rise last week by 2.5%, the third straight week of increase and broke the 28,000 level.

Outlook: Hong Kong equities continued to be sought after by Chinese funds, coupled with the continued strength in A-shares and the appreciation of the renminbi and other favorable factors, these catalysts can drive Hong Kong stocks to maintain an upward trend in the near term.



The STI rose 0.39% last week

Review: The U.S. announced a new round of economic stimulus plans which stimulated market sentiment. The Straits Times Index rose 0.39% to close at 3,004.87 and remained above the 3,000 level.

Outlook: Market sentiment is mixed in the short term, and the STI is expected to fluctuate around 3,000.

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Indonesia equities rose 1.85% last week, the second week of gains

Review: The rebound in U.S. bond yields led to the strengthening of the USD, but the central bank intervened in the foreign exchange market. The Indonesian rupiah rose 0.21% last week, and the Jakarta Composite Index rose 1.85%, the second straight week of gains.

Outlook: Market sentiment is mixed in the near term, and the stock market is expected to fluctuate at a high level. Investors should note that the independence of the central bank is still a risk factor.



South Korean stocks fell 2.1%, ended 10 consecutive weeks of gains

Review: South Korea's unemployment rate reached 4% last year, the highest level since 2001. South Korea's central bank's policy meeting kept the benchmark interest rate unchanged, and the KOSPI fell 2.1% last week.

Outlook: Although the market for the semiconductor industry is still hot, the governor of the central bank warned that Korean stocks have recently gained too fast and worried about excessive leveraged investment, the Korean stocks may be face some selling pressure for profit in short term.



Indian stock market rose 0.52%, hitting a record high

Review: India is about to start vaccinations against Covid-19. Growth in CPI has begun to slow down. India stocks rose 0.52% last week, rising for 11 consecutive weeks, and hit a record high.

Outlook: Market sentiment is mixed in the near term. Indian stocks have accumulated substantial gains, plus U.S. bond yields rebounded. Due to these factors, we expect the Indian stock market will see a correction in the short term.



Russian stocks rose 0.53% due to rising oil prices

Review: Oil prices rose and the Russian RTS index rose by 0.66% last week.

Outlook: Russia's started vaccination plus oil prices maintained at high level, these factors will benefit the Russian stock market.



Stock market fell as economic data was worse than expected

Review: The Brazilian outbreak is still severe. The retail sales data announced last week was significantly worse than expected, and the Brazilian stock market fell 3.78%.

View: As countries implement stimulus policies, this will help promote a further recovery in demand in the commodity market, which will benefit the Brazilian stock market.

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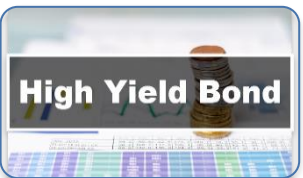
Global Bonds



FTSE World Government Bond Index fell slightly by 0.04%

Review: The market continues to observe developments in the pandemic, the vaccination progress, and details of fiscal stimulus policies. The FTSE World Government Bond Index fell slightly by 0.04%.

Outlook: In the short term, investors will weigh the potential downside risks of the increase in coronavirus cases and the sustainability of economic recovery. The government bond market is expected to experience short-term volatility.



High-yield bonds rose

Review: The Bloomberg Barclays US High Yield Bond Index rose 0.07%, and the European High Yield Bond Index rose 0.02%.

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 high-yield bonds in the United States shows signs of further increase. Investors should choose investment targets carefully.



EM bonds fell as USD strengthened

Review: The USD strengthened. The Bloomberg Barclays Emerging Countries USD Sovereign Bond Index continued to fall by 0.62% last week.

Outlook: Factors such as the low interest rate environment and the expected continued weakness of 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 fell as U.S. bond yields rose

Review: U.S. bond yields rose, and gold fell 1.11% last week to close at US\$1,828.45/oz.

Outlook: US interest rates' trend will affect gold prices, and we expect that gold prices will fluctuate around US\$1,800/oz in the near term. However, considering the continued global quantitative easing and low interest rate environment, we believe gold prices is still on track to increase in the mid-to-long term.



WTI rose 0.23%

Review: Saudi Arabia voluntarily cut production. The U.S. announced the stimulus policy and started vaccination against Covid-19, which strengthened investors' expectations for improved crude oil demand. WTI oil prices rose 0.23% last week.

Outlook: OPEC+ is expected to continue to adjust supply based on market demand. The optimism of vaccines 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	28496.86	2.50	7.83	-1.66	4.93	-11.05	48.53	18.30
Hang Seng China Enterprise	11299.17	3.33	7.99	-0.87	5.42	-13.55	39.16	-12.70
Shanghai Composite	3565.91	-0.10	5.05	15.96	2.69	2.64	22.39	31.65
Shenzen Composite	2360.40	-2.18	4.61	31.03	1.61	23.01	29.31	99.99
Dow Jones Industrial	30991.52	-0.91	2.10	5.00	0.68	18.44	92.73	160.30
S&P 500	3795.54	-1.48	1.59	13.17	0.32	34.68	100.40	190.98
NASDAQ COMPOSITE	13112.64	-1.54	1.90	38.44	0.86	78.16	189.60	369.96
FTSE 100	6801.96	-2.00	3.16	-12.23	4.26	-12.53	16.54	11.22
DAX	13988.70	-1.86	1.15	1.93	0.50	3.81	44.80	93.01
NIKKEI 225	28519.18	1.35	5.84	17.82	3.21	19.20	67.06	171.12

Data Sources : Bloomberg Data as of 2021/1/15

★ Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Core Inflation YoY Dec	1.60%	1.60%	1.60%	On Par
US	Initial Jobless Claim 1/9	784K	790K	965K	Below
EU	Industrial Production MoM Nov	2.30%	0.30%	2.50%	Above
KR	Interest Rate Decision	0.50%	0.50%	0.50%	On Par
JP	Machine Order MoM Nov	17.10%	-7.00%	1.50%	Above
CN	M2 Money Supply YoY Dec	10.70%	10.60%	10.10%	Above

Data Sources : Bloomberg Data as of 2021/1/15

★ Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	95 6.75/32	0.99	1.84
US Treasury 10Y	98 1.75/32	0.31	1.07
US Treasury 5Y	99 20.125/32	-0.36	0.45
US Treasury 2Y	99 31.375/32	-0.01	0.14
US Tbill 3M	0.08	-3.13	0.08
China Govt Bond 10Y	101.17	5.01	3.13
Japan Govt Bond 10Y	100.68	-0.08	0.03
German Bund 10Y	105.72	0.28	-0.55
UK Gilt 10Y	143.47	-0.06	0.29

Data Sources : Bloomberg Data as of 2021/1/15

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.75	-0.02	-0.02	-0.01
HKD/CNH	0.84	0.12	0.60	0.30
USD/CNH	6.48	0.09	0.50	0.27
USD/JPY	103.85	-0.50	-0.42	-0.47
USD/CAD	1.27	-0.13	0.16	-0.34
GBP/USD	1.36	0.45	0.41	-0.67
AUD/USD	0.77	-0.04	0.94	0.00
EUR/USD	1.21	-0.63	-1.48	-1.15

Data Sources : Bloomberg Data as of 2021/1/15

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