

Weekly Report



Market Overview



U.S. three major indexes rose as Joe Biden was officially inaugurated

Review: U.S. stocks rose as Joe Biden was officially inaugurated as the 46th U.S. President. Dow Jones, S&P 500 and Nasdaq rose 0.59%, 1.94% and 4.19% respectively.

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 now underway and most corporates have reported in-line or better-than-expected results. The upward trend of U.S. stocks has not changed. We expect that the upward trend will continue in the first quarter.



Europe equities rose slightly as Europe coronavirus situation still a concern

Review: The outbreak in Europe is still severe and vaccine manufacturers warned of supply issues to the European Union. The MSCI Europe Index rose slightly by 0.13%.

Outlook: Europe stocks are likely to remain rangebound due to sentiment affected by the severity of the coronavirus situation. 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 rose despite rising coronavirus infections

Review: The Shanghai Composite Index rose 1.13% last week even though Chinese authorities reported an increase in coronavirus infections and launched mass testing initiatives.

Outlook: The Chinese economy continues to improve steadily but new Covid-19 infections in China recently is likely to dampen sentiment. We expect the Shanghai Composite Index is expected to fluctuate around 3,600 in the short term.



Hang Seng Index rose 3.06%, the fourth consecutive week of increase

Review: Funds from China continued to flow into Hong Kong. The Hang Seng Index rose 3.06% as week, the fourth straight week of increase and ended just below the 30,000 level to 29,927.76.

Outlook: Hong Kong equities continued to be sought after by Chinese funds. Also, the upward momentum in A-shares and the renminbi remain intact. These catalysts can drive Hong Kong stocks to maintain the upward trajectory in the near term.



The STI fell on profit-taking pressure

Review: The Straits Times Index fell 0.44% and ended below the 3,000 level at 2,991.53, as investors took profit after three straight weeks of gains.

Outlook: We expect the STI to fluctuate around 3,000 due to mixed market sentiment.

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Indonesia equities fell after two straight weeks of gains

Review: The Jakarta Composite Index fell 1.04% and the rupiah weakened as Indonesia reported record high Covid-19 fatalities and infections.

Outlook: We expect Indonesia equities to fluctuate around current levels as sentiment is dampened in the near term due to the severity of the coronavirus situation. Investors should note that the independence of the central bank is still a risk factor.



South Korean stocks rebounded last week

Review: South Korea equities rebounded as the country continued to record strong export data in January. The KOSPI rose 1.77% last week.

Outlook: The upward trajectory for Korean equities may face some profit-taking pressure in the near term, but we expect any correction to be temporary as the outlook remains bright for South Korea's semiconductor industry.



Japanese stocks rose as the central bank upgraded GDP forecast

Review: The Nikkei 225 Index rose 0.39% last week as the Bank of Japan left monetary policy unchanged and upgraded GDP forecast for the next fiscal year to 3.9% from 3.6%.

Outlook: We expect Japanese equities to trade rangebound in the near term due to mixed market sentiment.



Malaysia equities fell for the second consecutive week

Review: The KLCI fell 1.86% last week, the second consecutive week of correction as investors priced in the impact to corporate earnings and the economy as a result of tightened social distancing measures.

Outlook: We expect sentiment to remain weak in the near term as the media had reported that the government is considering to shut down most of its economy if the coronavirus infections remained uncontrollable.



Brazil equities fell for the second consecutive week

Review: Brazil equities continued to correct as investors remained worried about the escalating coronavirus situation. The Ibovespa Index fell 2.47% last week.

View: We think downside risks are mitigated by the implementation of loose fiscal and monetary policies, in which a weak USD should benefit emerging markets like Brazil while an infrastructure-led recovery would boost demand for commodities.

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Global Bonds



FTSE World Government Bond Index rose slightly as investors remained focused on the global coronavirus situation

Review: Investors continue to watch closely for developments on the pandemic. The FTSE World Government Bond Index rose slightly by 0.07%.

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 continue to fluctuate.



High-yield bonds rose as demand for yield remains unabated

Review: The Bloomberg Barclays Global High Yield Bond Index rose 0.34% last week, as central banks globally reaffirmed accommodative monetary policies.

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, given the ongoing pandemic, investors should choose investment targets carefully.



EM bonds rose as USD weakened last week

Review: The dollar spot index fell 0.59% last week. The Bloomberg Barclays EM USD Aggregate Index rose 0.25% last week, rebounded after two straight week of losses.

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 rose on weakened USD

Review: Gold spot rose 1.49% last week to close at US\$1,858.99/oz as the USD weakened.

Outlook: US interest rates' trend will affect gold prices, and we expect that gold prices will be well supported at 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.



Oil prices ended mixed last week as investors are concerned about dampened crude oil demand

Review: Oil prices ended mixed, weighed down by a build in U.S. crude inventories and concerns that China's new social distancing measures will impact the demand for crude oil. WTI fell 0.17% to US\$52.31/oz last week while Brent rose 0.56% to US\$55.41/bbl.

Outlook: We expect supply factors (such as disciplined oil production cuts) to help oil prices to maintain price fluctuation 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	29927.76	3.06	12.74	3.91	8.14	-10.58	54.33	23.79
Hang Seng China Enterprise	11889.45	3.15	12.45	4.50	8.74	-13.44	44.08	-7.04
Shanghai Composite	3621.26	1.13	7.45	17.84	3.85	1.70	23.66	34.71
Shenzen Composite	2449.37	3.78	8.47	34.99	5.45	25.90	34.42	116.11
Dow Jones Industrial	31176.01	0.59	3.27	6.20	1.28	18.26	92.61	158.80
S&P 500	3853.07	1.94	4.18	15.65	2.27	35.30	101.45	197.52
NASDAQ COMPOSITE	13530.92	4.19	5.74	44.32	5.08	81.54	194.98	398.04
FTSE 100	6715.42	-0.60	3.75	-11.58	3.63	-13.41	13.48	13.14
DAX	13906.67	0.63	3.40	2.65	1.13	2.32	42.08	96.54
NIKKEI 225	28631.45	0.39	8.30	19.14	4.33	18.68	68.83	173.61

Data Sources : Bloomberg Data as of 2021/1/22



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end Jan 16	926,000	935,000	900,000	Above
US	Housing Starts MoM	3.1%	0.8%	5.8%	Above
US	Markit US Manufacturing PMI	57.1	56.5	59.1	Above
EU	CPI YoY	-0.3%	-0.3%	-0.3%	On Par
EU	Markit Eurozone Composite PMI	49.1	47.6	47.5	Below
China	YTD GDP YoY	0.7%	2.1%	2.3%	Above

Data Sources : Bloomberg Data as of 2021/1/22



Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	94.90	-0.33	1.85
US Treasury 10Y	98.03	-0.02	1.09
US Treasury 5Y	99.72	0.09	0.43
US Treasury 2Y	100.00	0.02	0.12
US Tbill 3M	0.07	-6.45	0.07
China Govt Bond 10Y	101.30	0.12	3.12
Japan Govt Bond 10Y	100.63	-0.05	0.04
German Bund 10Y	105.14	-0.48	-0.50
UK Gilt 10Y	142.91	-0.39	0.33

Data Sources : Bloomberg Data as of 2021/1/22

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.75	0.04	0.06	-0.25
HKD/CNH	0.83	-0.93	-0.93	-6.57
USD/CNH	6.47	-0.58	-0.85	-6.80
USD/JPY	103.81	0.72	-0.21	-4.75
USD/CAD	1.27	-0.20	-0.91	-2.58
GBP/USD	1.36	-0.76	1.59	3.60
AUD/USD	0.78	0.82	4.67	12.98
EUR/USD	1.23	0.02	0.94	10.02

Data Sources : Bloomberg Data as of 2021/1/22

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