

# Weekly Report



## Market Overview



### US stocks fell as US Treasury yields rose rapidly

**Review:** US stocks fell sharply last week as US Treasury yields rose rapidly. The Dow and the S&P 500 fell 1.78% and 2.45% respectively. Nasdaq lost 4.92%.

**Outlook:** A new round of stimulus package has been passed by the House of Representatives and will be passed to the Senate for deliberation. The Fed emphasized that it will maintain an extremely loose monetary policy. However, the market still needs to absorb the impact of the rapid rise in interest rates in the near future. We expect US stocks will continue to fluctuate in the short term.



### European stocks fell as US bond yields rose rapidly

**Review:** The sharp rise in US bond yields and the poorer-than-expected earnings reports of some companies outweighed positive economic data such as the Eurozone consumer confidence index. The MSCI Europe Index fell 2.35% last week.

**Outlook:** The market sentiment is mixed in the near term, and European stocks will continue to fluctuate at a high level. In the medium and 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 US bond yields rose rapidly

**Review:** The Shanghai Composite Index fell 5.06% last week, as interest rates of US long-term bonds rose and investors are concerned with liquidity in China.

**Outlook:** External market conditions and liquidity worries will continue to put pressure on Chinese equities in the near term. Also, the market also to focus on the Two Sessions to be held on March 5. The Shanghai Composite Index is expected to fluctuate around 3,500 in the short term.



### HSI fell more than 5% as Hong Kong to increase stamp duty

**Review:** Hong Kong will hike stamp duty for stock trades for the first time since 1993. Coupled with the rapid rise in US bond yields, the Hang Seng Index fell 5.43% last week to close at 28,980.

**Outlook:** Fund flows from Mainland China has slowed recently, and global markets are still affected by the rapid rise in US bond yields. The Hang Seng Index will fluctuate between 29,000-30,000 in the near future.



### The STI rose 2.37% last week

**Review:** The Straits Times Index rose 2.37% last week to close at 2,949, regaining the 2,900 level.

**Outlook:** Investors will continue to wait for global markets to digest the impact of the rapid rise in US bond yields. The Singapore stock market is expected to fluctuate around 2,900.

# Weekly Report



## Market Overview



### Indonesia's stock market rose 0.158% last week, the fourth straight weekly increase

**Review:** Bank Indonesia previously lowered the 7-day reverse repo rate by 25 basis points to 3.50%, a record low. The easing policy pushed the Jakarta Composite Index to rise by 0.158% last week.

**Outlook:** Market sentiment is mixed and Indonesian equities is expected to fluctuate at a high level.



### South Korean stocks fell 3.05%

**Review:** The Bank of Korea kept interest rates unchanged and consumer confidence was better than expected, but the KOSPI fell by 3.05% as global markets underwent correction.

**Outlook:** Investors will continue to wait for the external market to digest the impact of the rapid rise in US bond yields, and the stock market will fluctuate at high levels. In addition, because the semiconductor industry is still hot, investors should pay proper attention on this sector.



### Indian stock market fell 3.52%, the second straight weekly decline

**Review:** The Indian stock market followed global markets and corrected. The Sensex index fell by 3.52%, the second weekly decline.

**Outlook:** India's GDP in the fourth quarter last year grew by 0.4% year-on-year. Although it was worse than expected, GDP growth is now positive. However, as investors will continue to wait for global markets digest the impact of the rapid rise in US bond yields in the near term, there is a high possibility that the stock market will continue to fluctuate at a high level.



### Russian stocks fell 4.1%

**Review:** The Russian RTS index fell 4.1% last week as the interest rates for US long-term bonds rose.

**Outlook:** Oil prices continue to remain high, in addition the recent positive Russian economic data will benefit the stock market performance from a mid-to-long term perspective. However, in the short term, the market will continue to wait for global markets to digest the impact of the rapid rise in US bond yields.



### Brazilian stocks fell 7.09% last week

**Review:** The Brazilian President's removal of the head of a state-owned oil company caused financial market turmoil, and the Brazilian IBOVESPA index fell 7.09% last week.

**View:** Brazil not only faces domestic issues, but also needs to wait for global markets to digest the impact of the rapid rise in US bond yields. We expect the Brazilian market will face selling pressure in the short term.

# Weekly Report

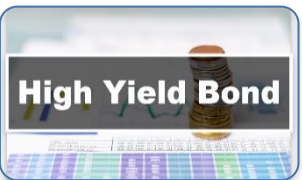


## Global Bonds



### FTSE World Government Bond Index fell 0.92%

**Review:** The FTSE World Government Bond Index fell by 0.92% as US bond yields rose rapidly.  
**Outlook:** Although the Fed once again reiterated its easing policy, the market is still worried about inflationary pressures and it is expected that the government bond market will continue to face selling pressure in the short term.



### The high-yield bond market fell

**Review:** The Bloomberg Barclays US High Yield Bond Index fell 0.59%, and the European High Yield Bond Index fell 0.4%.  
**Outlook:** The central bank's policy support, low interest rate environment and economic recovery expectations will continue to support the demand for high-yield corporate bonds. On the other hand, as US Treasury yields continue to rise, investors can choose bonds with better fundamentals and short duration.



### Emerging market bonds fell 1.03%

**Review:** The Bloomberg Barclays Emerging Market USD Sovereign Bond Index fell 1.03% last week.  
**Outlook:** The global economy is expected to recover with mass vaccination. The recovery for emerging markets will be faster than developed markets, which will help support emerging market debt's performance. Also, factors such as the low interest rate environment and the expected continued weakening of the USD in the medium and long term should continue to benefit EM bonds. Investors can choose EM bonds with relatively good fundamentals.



## Commodities



### Gold price fell as USD rose

**Review:** Both the rise in the USD and US bond yields added pressure to gold prices. Gold futures fell 2.81% last week to close at US\$1,734.04/oz.  
**Outlook:** The trend of US interest rates will affect the trend of gold, and we expect gold prices to remain under pressure in the near term. However, considering the continued global quantitative easing and low interest rate environment, the medium to long term outlook is positive for gold.



### WTI rose 3.81%

**Review:** The US cold weather resulted in the closure of oil production facilities and the vaccination progress boosted expectations for oil demand. WTI oil prices rose by 3.81% last week to close at US\$61.50/bbl.  
**Outlook:** The closure of oil production facilities in the US has led to a decline in supply, which will boost oil prices in the short term. The market predicts that it will take at least two weeks for the US supply to fully resume normal production, and OPEC+ may adjust its supply according to market demand, we expects oil prices will continue to fluctuate around US\$60/bbl.

# Weekly Report

## Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	28980.21	-5.43	1.76	12.52	7.97	-5.29	51.49	23.87
Hang Seng China Enterprise	11247.21	-7.10	-0.09	11.08	6.57	-7.92	41.84	-10.88
Shanghai Composite	3509.08	-5.06	1.00	22.92	1.94	8.14	29.53	20.22
Shenzen Composite	2293.69	-7.09	-1.14	29.62	0.26	27.34	38.89	76.59
Dow Jones Industrial	31402.01	-1.78	2.38	21.74	1.06	25.70	83.41	156.53
S&P 500	3829.34	-2.45	0.99	29.01	1.47	42.33	92.64	191.74
NASDAQ COMPOSITE	13119.43	-4.92	-1.57	53.98	2.36	83.72	181.31	381.93
FTSE 100	6651.96	-2.12	0.26	-1.48	0.35	-9.65	5.37	9.23
DAX	13879.33	-1.48	1.21	15.95	0.49	13.09	41.88	90.86
NIKKEI 225	28966.01	-3.50	5.47	40.13	7.96	36.38	84.19	169.35

Data Sources : Bloomberg Data as of 2021/2/26

## Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Michigan Consumer Confidence Index Final Value Feb	79.00	76.20	76.50	Above
US	Initial Jobless Claim 20/2	841K	810K	730K	Above
US	4Q GDP QoQ growth rate	3.70%	2.00%	2.00%	On Par
EU	February final value of consumer confidence index	(15.50)	(14.80)	(14.80)	On Par
JP	Retail sales MoM Jan	-0.70%	-0.30%	-0.50%	Below
CN	1 Year Loan Prime Rate	3.85%	3.85%	3.85%	On Par

Data Sources : Bloomberg Data as of 2021/2/26

## Bond/Forex

Bond Instrument	Price	Change(%)	Yield(%)
US Treasury 30Y	93 27.75/32	-0.49	2.16
US Treasury 10Y	97 12.25/32	-0.67	1.40
US Treasury 5Y	98 27.625/32	-1.13	0.73
US Treasury 2Y	99 31.75/32	0.00	0.13
US Tbill 3M	0.04	25.00	0.04
China Govt Bond 10Y	100.16	3.96	3.25
Japan Govt Bond 10Y	99.46	-1.29	0.16
German Bund 10Y	102.35	-0.74	-0.23
UK Gilt 10Y	137.28	-0.73	0.78

Data Sources : Bloomberg Data as of 2021/2/26

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.76	0.03	-0.04	-0.04
HKD/CNH	0.84	0.05	0.08	0.54
USD/CNH	6.48	0.08	0.04	0.48
USD/JPY	106.57	1.52	-1.64	-3.22
USD/CAD	1.27	0.70	1.17	0.17
GBP/USD	1.39	-0.53	2.39	2.33
AUD/USD	0.77	-2.08	1.71	0.74
EUR/USD	1.21	-0.62	0.18	-1.10

Data Sources : Bloomberg Data as of 2021/2/26

DISCLAIMER: This document is provided to you for your information and discussion only. It is not a solicitation or an offer to buy and sell any security or other financial product. Any information including facts, opinions or quotations, may be condensed or summarized and is expressed as of the date of writing. The information may change without notice and PC Financial (SG) Pte Ltd is under no obligation to ensure that such updates are brought to your attention.