



Weekly Report



Market Overview



US equities continued to rise on optimism over economic recovery

Review: US equities rose again last week on optimism over economic growth and expectations on improved corporate earnings in the first quarter of this year. Dow Jones gained 1.95% last week to reach a record high of 33,800.60, while the S&P 500 and Nasdaq rose 2.71% and 3.12% respectively.

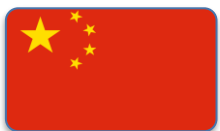
Outlook: US corporate earnings seasons will kickstart this week with major banks. Better-than-expected earnings may continue to support optimism in the market in the near term despite stretched valuations, while underwhelming results and rising bond yields remains as downside risk.



MSCI Europe Index rose for the sixth straight week

Review: European equities rose again last week, the sixth straight week of gains, despite doubts over the vaccination progress in the eurozone. The MSCI Europe Index rose 1.15% last week.

Outlook: The coronavirus situation in Europe and stalled vaccination progress remain as key downside risks. In the medium and long term, stimulus measures such as the European Recovery Fund and the ECB stimulus policies will benefit European equities.



Chinese equities fell last week

Review: Chinese equities fell last week despite strong economic data, as investors are concerned about policy tightening. The Shanghai Composite Index fell 0.97% to 3,450.68.

Outlook: Investors will continue to observe whether the Shanghai Composite Index can hold above the 3,400 level. We remain neutral on the near term outlook for Chinese equities. Downside risk factors include US-China tensions, unexpected tightening of monetary policy and global bond yields rising faster than expected.



Hong Kong equities fell last week

Review: Hong Kong equities fell last week, together with Mainland Chinese equities. The Hang Seng Index fell 0.83% to close at 28,698.80.

Outlook: We expect the Hang Seng Index will fluctuate between 28,000-29,000 in the near future as investors keep a close watch on rising US Treasury yields and monitor Mainland Chinese investors' fund flows.



The STI rose for the seventh consecutive week

Review: Singapore equities recorded the smallest weekly increase in seven weeks. The Straits Times Index gained just 0.09% to close at 3,184.54.

Outlook: The Straits Times Index is expected to outperform other regional equities, and there is a possibility that the STI will reach and remain above 3,200 in the near term as investors moved funds into cyclical stocks such as aviation and banking stocks.

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Indonesian equities fell for the third straight week

Review: Despite the rupiah weakening against USD, Indonesia equities rose last week. The Jakarta Composite Index gained 0.98% last week while USDIDR rose 0.28% to 14,565.

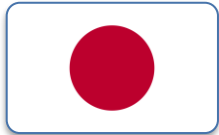
Outlook: Bank Indonesia will likely keep benchmark interest rates unchanged in the near term and maintain the stability of the IDR. We see limited upside to Indonesian equities in the near term due to strengthening USD and rising US Treasury yields.



South Korean equities rose for the second consecutive week

Review: South Korean equities rose for the second straight week, as investors remain positive on South Korea's semiconductor players. The KOSPI rose 0.61% last week.

Outlook: We expect South Korea equities to outperform in the mid-to-long term, given investors' interest in the semiconductor industry.



Japanese equities rose last week

Review: Japan placed Tokyo under a state of "quasi-emergency" on Friday to combat rising Covid-19 infections. The restrictions are expected to last for a month. The Nikkei 225 Index fell 0.29% last week.

Outlook: The recent weakening of the JPY will boost exporters' profits. In addition, Bank of Japan will continue to provide support measures to the economy and the stock market. We are positive on the outlook for Japanese equities for this quarter.



Australia equities rose the most in nine weeks

Review: Australian equities recorded their best performance in nine weeks. The benchmark S&P/ASX 200 Index rose 2.44% last week.

Outlook: Given financial stocks account for almost one third of the benchmark index, we expect Australian equities to outperform Asia-Pacific stocks in the near term.



Brazilian equities rose for the second consecutive week

Review: Brazil's consumer prices spiked above the upper limit of target range in March on higher fuel costs. The IBOVESPA rose 2.10% last week as investors expect further monetary policy tightening, which will help to stabilize the Real.

View: We expect Brazilian equities to continue to see volatility and face selling pressure in the short term, as investors remain concerned about rising bond yields, the renewed strength in the USD, as well as the worsening coronavirus situation.

Weekly Report



Global Bonds



FTSE World Government Bond Index rebounded last week after seven straight weekly losses

Review: The FTSE World Government Bond Index rebounded 0.61% last week, thereby ended the streak of seven straight weekly losses.

Outlook: We expect that the government bond market will continue to face selling pressure in the near term.



Global high yield bonds rose for the second straight week

Review: The Bloomberg Barclays Global High Yield Index rose 0.74% last week.

Outlook: We expect continued volatility in the near term in the bond markets as US Treasury yields remain the key focus. Investors can choose bonds with relatively resilient fundamentals and short duration.



Emerging market bonds rebounded after two straight week of losses

Review: The Bloomberg Barclays EM USD Aggregate Index rebounded by 0.49% last week, as EM high yield rose (+0.76%) and EM sovereign bonds rebounded after two weeks of losses (+0.75%).

Outlook: The global economy is expected to recover as more countries vaccinate their population. We expect the EM economy to rebound faster than the DM economy. However, given the expected continued volatility in the bond markets, we advise investors to choose EM bonds with short duration for tactical play.



Commodities



Spot gold rose after two straight weeks of losses

Review: Spot gold rebounded as the USD weakened after three straight weeks of gain. Spot gold gained 0.87% to US\$1,738.63/oz last week.

Outlook: We expect gold to find support near the psychological level of US\$1700/oz due to its role as a hedge against inflation. However, near-term upside is limited due to strengthening USD and higher opportunity cost should bond yields continue to rise.



Crude oil prices fell last week

Review: Crude oil prices fell last week as US petrol inventories rose sharply by 4 million barrels. Brent crude fell 2.94% to US\$62.95/bbl while WTI crude fell 3.47% to US\$59.32/bbl.

Outlook: We think crude oil prices is likely to trade around US\$60/bbl, supported by progress in mass vaccination, OPEC+ disciplined production cuts and continued global economic recovery in other parts of the world.

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 | 28698.80 | -0.83 | -0.26 | 18.10 | 5.39 | -6.61 | 40.88 | 19.70 |
| Hang Seng China Enterprise | 10977.37 | -2.14 | 0.04 | 11.89 | 2.23 | -10.93 | 26.11 | -18.31 |
| Shanghai Composite | 3450.68 | -0.97 | 2.72 | 22.11 | -0.64 | 8.16 | 15.60 | 14.21 |
| Shenzhen Composite | 2236.58 | -1.13 | 3.50 | 27.41 | -3.98 | 21.47 | 16.83 | 75.80 |
| Dow Jones Industrial | 33503.57 | 1.95 | 6.18 | 42.50 | 10.44 | 38.48 | 92.30 | 175.62 |
| S&P 500 | 4097.17 | 2.71 | 6.54 | 48.00 | 9.92 | 55.40 | 101.64 | 214.18 |
| NASDAQ COMPOSITE | 13829.31 | 3.12 | 6.32 | 70.48 | 7.85 | 95.93 | 186.56 | 406.42 |
| FTSE 100 | 6942.22 | 2.65 | 2.75 | 18.37 | 7.05 | -4.83 | 11.47 | 15.95 |
| DAX | 15202.68 | 0.84 | 5.51 | 44.20 | 11.05 | 22.88 | 58.32 | 114.48 |
| NIKKEI 225 | 29768.06 | -0.29 | 2.55 | 53.87 | 8.47 | 36.59 | 88.15 | 211.54 |

Source: Bloomberg. As of 2021/04/09

Economic data

| Country | Event | Previous | Forecast | Actual | Expectation |
|---------|----------------------------------|----------|----------|---------|-------------|
| US | Initial Jobless Claims end Apr 3 | 728,000 | 680,000 | 744,000 | Below |
| US | PPI Final Demand MoM | 0.2% | 0.2% | 0.7% | Above |
| US | Markit US Services PMI | 60.0 | 60.2 | 60.4 | Above |
| EU | Unemployment Rate | 8.3% | 8.1% | 8.3% | Below |
| China | Caixin China Services PMI | 51.5 | 52.1 | 54.3 | Above |
| SG | Retail Sales YoY | -6.10% | 6.50% | 5.20% | Below |

Source : Bloomberg 2021/04/09

Bond/Forex

| Bond Instrument | Price | Change(%) | Yield (%) |
|---------------------|--------|-----------|-----------|
| US Treasury 30Y | 90.23 | 0.63 | 2.33 |
| US Treasury 10Y | 95.16 | 0.60 | 1.66 |
| US Treasury 5Y | 99.45 | 0.56 | 0.86 |
| US Treasury 2Y | 99.94 | 0.06 | 0.16 |
| US Tbill 3M | 0.01 | -20.00 | 0.01 |
| China Govt Bond 10Y | 100.52 | -0.10 | 3.21 |
| Japan Govt Bond 10Y | 99.96 | 0.17 | 0.10 |
| German Bund 10Y | 103.37 | 0.07 | -0.34 |
| UK Gilt 10Y | 137.24 | 0.35 | 0.75 |

Source: Bloomberg. As of 2021/04/09

| Currency | Price | Return (Weekly) | Return (Monthly) | Return (YTD) |
|----------|--------|-----------------|------------------|--------------|
| USD/HKD | 7.78 | 0.03 | 0.22 | 0.32 |
| HKD/CNH | 0.84 | -0.21 | 0.49 | -7.31 |
| USD/CNH | 6.56 | -0.28 | 0.61 | -7.10 |
| USD/JPY | 109.67 | -0.92 | 1.10 | 1.09 |
| USD/CAD | 1.25 | -0.38 | -0.85 | -10.35 |
| GBP/USD | 1.37 | -0.90 | -1.33 | 10.03 |
| AUD/USD | 0.76 | 0.17 | -1.18 | 20.24 |
| EUR/USD | 1.19 | 1.19 | -0.02 | 8.87 |

Source: Bloomberg. As of 2021/04/09

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