

Weekly Report



Global Equities



US market closed mixed as inflation risk heightened

Review: Although US economy fundamentals continue to improve, rising inflation expectations and the Fed's open attitude towards reducing bond purchases have led to a turbulent market. The three major indexes closed mixed. The Dow and the S&P 500 fell 0.43% and 0.39% respectively, while Nasdaq rose 0.33%.

Outlook: Expectations of economic recovery and stimulus plans are still conducive to the mid-term performance for US stocks, but inflation concerns will plague the market in short run. CPI related data and blue-chip stocks results announcements will become the focus of market this week.



European stocks rise with the expectation of continued economic recovery

Review: Earnings reports for European companies generally beat market expectations. Investors' confidence in the recovery of the European economy continued to increase. The MSCI Europe Index rose by 0.87%.

Outlook: With the epidemic situation in Europe under control, the vaccination schedule goes well, and the EU recovery fund will be implemented soon, we expect that the European market will be supported in the medium term.



Shanghai Composite Index fell slightly

Review: China's industrial output and retail sales data were worse than market expectations, but it also eased investors' concerns about the PBOC's tightening of monetary policy. The Shanghai Composite Index stabilized and fell slightly by 0.11%.

Outlook: Expectations of economic recovery and ample liquidity will support the performance of the A-share market in the short-term. However, investors should monitor external factors such as changes in US liquidity or inflation concerns, as these may affect market trends.



HSI stabilized

Review: The Hang Seng Index performed steadily last week (together with China A-shares), rising by 1.54% on a weekly basis, due to a rebound in tech stock prices.

Outlook: The strength of HK-listed China stocks would support the market in short run, but the market is still wary of rising US inflation expectations. With no major positive news, it is expected that the Hang Seng Index may test 28,000 points again.



Global Bonds



FTSE Global Government Bond Index rose 0.41%

Review: The market expects that the Fed may taper its bond purchase plan, hence the government bond market stabilized and the FTSE Global Government Bond Index rose by 0.41%.

Outlook: Investors are still very sensitive to rising inflation expectations, and we expect that there will still be some selling pressure on government bonds.



Emerging market bonds rose slightly last week, high-yield bonds fell

Review: The Bloomberg Barclays Emerging Markets USD Composite Index rose 0.18% on a weekly basis, and the Bloomberg Barclays High Yield Bond Index fell 0.09%.

Outlook: The progress of vaccination is satisfactory. The continued recovery of the global economy will benefit the performance of emerging markets and high-yield bonds. The attractiveness of such bonds still exists. Bonds with good fundamentals and shorter duration are better choices.

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Commodities



Crude oil prices fell

Review: The market is worried that the US may lift sanctions on Iran or allow Iranian crude oil to be sold on the international market, as a result, oil prices fell. WTI fell 2.74% last week to close at US\$63.58/bbl.

Outlook: The vaccination progress of the world is going well, and economic activities are expected to resume, both factors support the demand side of crude oil, and the long-term upward trend for oil prices will remain unchanged. In the short-term, we need to focus on the progress of the negotiations with regards to the US-Iran agreement, and oil prices are expected to fluctuate at the level of US\$60/bbl.



Spot gold continues to rise

Review: The economic recovery and inflation expectations continue to push gold prices up. Last week, gold rose by 2.11% to close at US\$1,876.70/oz.

Outlook: In the short term, the fed interest rate and the USD will affect the performance of gold prices, but with the support of inflation expectations, gold as a hedging tool will still has a upward momentum in the medium and long term.



Copper prices fell 3.40% last week

Review: The strike in Chilean copper mine failed to support the performance of copper prices. The price of copper fell below the level of US\$10,000/ton again last week. The LME spot copper price closed at US\$9,867.50/ton last week, down 3.40%.

Outlook: The economic recovery and the USD are both favorable for copper and metal prices. However, China's suppression of bulk commodity prices may have a short-term adverse impact on the commodity market. International copper prices may encounter resistance at US\$10,000/ton.



Currencies



The dollar index fell

Review: Although the Fed hinted that the tightening of the quantitative easing policy once supported the USD, the digestion of the news and the fall in US economic data put pressure on the USD once more. The dollar index closed at 90.02 last Friday.

Outlook: Unless US economic data can maintain strong performance and CPI data improves, the expectation of reduced quantitative easing will be difficult to support the USD, and the dollar index may fall back to the low of 89.44 last seen in January this year.



Euro stabilizes at high point

Review: EURUSD continued to rebound after it reached 1.20 previously. The weakening of the USD and Europe's continued economic recovery benefited euro's performance. Last Friday, EURUSD closed at 1.2182.

Outlook: Europe vaccination progress is conducive to economic recovery, and European inflationary pressures are relatively lower. We expect loose monetary policy to be maintained. The medium term outlook is favorable for the euro. We expect EURUSD can test the 1.23 level in the short and medium term.

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	28610.65	1.54	-2.59	23.53	4.02	-7.91	42.84	25.20
Hang Seng China Enterprise	10699.00	2.86	-4.10	12.60	-1.16	-12.66	27.78	-15.60
Shanghai Composite	3418.87	-0.11	0.39	23.96	0.43	10.56	23.61	26.00
Shenzen Composite	2239.68	1.13	0.92	32.37	-0.42	26.96	28.54	101.56
Dow Jones Industrial	34548.53	-0.51	0.48	39.82	11.77	37.87	93.20	176.85
S&P 500	4201.62	-0.43	-0.58	40.62	10.64	52.35	100.18	215.73
NASDAQ COMPOSITE	13632.84	0.31	-3.89	44.47	4.52	81.44	177.12	390.54
FTSE 100	7076.17	-0.36	1.15	17.10	8.63	-9.05	12.84	19.79
DAX	15196.74	0.14	1.03	39.40	12.53	20.09	53.50	115.89
NIKKEI 225	29357.82	0.83	-1.91	39.62	3.72	26.87	72.53	198.80

Data Sources : Bloomberg Data as of 2021/5/21

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Empire Manufacturing	26.30	25.00	24.30	Above
US	Housing Starts MoM	19.80%	-2.80%	-9.50%	Above
EU	UK CPI	0.70%	1.40%	1.50%	Below
EU	Change in jobless claims	- 19,400.00	25,000.00	- 15,100.00	Below
China	1-Year Loan Prime Rate	3.85%	3.85%	3.85%	On Par
China	Avg new home prices in China's 70 major cities	4.60%	4.80%	4.80%	On Par

Data Sources : Bloomberg Data as of 2021/5/21

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	101.1953125	0.48	2.32
US Treasury 10Y	100 2/85	0.07	1.62
US Treasury 5Y	April 8, 1900	-0.34	0.82
US Treasury 2Y	99 50/53	-0.05	0.15
US Tbill 3M	0.00	-75.00	0.00
China Govt Bond 10Y	101.66	5.51	3.07
Japan Govt Bond 10Y	100.21	-0.54	0.08
German Bund 10Y	101.08	-0.20	-0.11
UK Gilt 10Y	135.82	0.12	0.84

Data Sources : Bloomberg Data as of 2021/5/21

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.76	-0.03	-0.04	-0.14
HKD/CNH	0.83	-0.05	0.65	1.17
USD/CNH	6.44	-0.08	0.55	1.02
USD/JPY	108.96	-0.26	-0.78	-5.21
USD/CAD	1.21	-0.01	2.74	5.45
GBP/USD	1.42	0.07	1.76	3.47
AUD/USD	0.77	-0.53	-0.99	0.38
EUR/USD	1.22	0.26	0.81	-0.26

Data Sources : Bloomberg Data as of 2021/5/21

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