



Weekly Report



Global Equities

US stocks rose slightly as inflation risk receded



Review: US nonfarm payrolls improved but was lower than market expectations, as a result the risk of tightening monetary policy eased, which propelled US indexes to rise. The Dow rose 0.69% last week, while the S&P 500 and Nasdaq rose 0.64% and 0.49% respectively.

Outlook: The vaccination progress in the US is faster compared to most countries. Also, the introduction of economic stimulus programmes will benefit US equities in the mid-to-long term. However, Fed's interest rate meeting which will be held next week and the Fed economic outlook will result in uncertainty in US equities in the near term.

Europe stocks rose for the third consecutive week



Review: Europe's economic data generally beat market expectations. Europe stocks followed US markets to rise last week. The MSCI Europe Index rose 0.88%, the third consecutive week of gains.

Outlook: The eurozone economy is improving and vaccination progress remains on track, also factors such as the boost from the European Recovery Fund can still bring medium and long-term support to Europe equities.

The Shanghai Composite Index fell slightly



Review: Some Chinese economic data fell on a month-on-month basis, plus the PBOC attempts to cool the Chinese yuan's rally, as a result China's A-shares declined last week, a decrease of 0.25%.

Outlook: Although market liquidity concerns have eased, rising global inflation and the government's attitude towards the Chinese yuan will add selling pressure on A-shares. We expect the Shanghai Stock Exchange to continue fluctuate at the 3,600 level in the short term.

The Hang Seng Index fell



Review: The market lacks positive catalysts. The Hang Seng Index faced selling pressure on some days last week, ultimately losing 0.71% on a weekly basis.

Outlook: The market waits for the Fed's interest rate meeting, and factors such as selling pressure on CNY will affect the short-term outlook for Hong Kong stocks. We expect HSI to fluctuate between 28,200 and 29,500.



Global Bonds

FTSE World Government Bond Index rose last week



Review: New nonfarm pay rolls data showed improvement but lower than market expectations, which alleviated concerns about monetary policy tightening. As a result, government bonds rebounded, and the FTSE World Government Bond Index rose 0.15%.

Outlook: The market's worry about rising inflation is expected to continue and will negatively impact government bonds.

Emerging market bonds and high-yield bonds continue to rise



Review: The Bloomberg Barclays EM Aggregate Index rose 0.24% last week, and the Bloomberg Barclays High Yield Bond Index also rose 0.35%.

Outlook: Economic recovery is good for emerging markets and high-yield bonds, but the Fed's possible exit will limit the improvement in bond markets. Bonds with good fundamentals and short duration will reduce the impact from the market's volatility.



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Commodities



Crude oil prices continue to rise

Review: No significant progress has been made on the US-Iran nuclear agreement, which greatly reduced the market's worries about Iranian crude oil entering the market. WTI oil prices rose 4.98% last week to close at US\$69.62/bbl.

Outlook: As we enter into the peak season for crude oil demand, coupled with the support of US economic stimulus measures, the long-term positive trend of crude oil prices remains unchanged. In the short term, we need to pay attention to the progress of the negotiations on the US-Iran agreement. We expect WTI to attempt reaching US\$70/bbl.



Spot gold fell slightly

Review: Economic data was below expectations, which reduced inflation risk, and gold price fell slightly. Last week, gold fell slightly by 0.64% to close at US\$1,891.59/oz.

Outlook: In the short-term, the USD interest rate trends and the US will affect the performance of gold prices, but with the support of inflation expectations, gold as a hedging tool still has room to rise in the medium and long term.



Copper prices fell week-on-week

Review: Copper prices broke through the level of US\$10,000/ton last week and then fell again. LME spot copper prices closed at US\$9,939.5/ton last week, down 3.01%

Outlook: The economic recovery and weak USD are both beneficial factors to copper price trend and metal prices. In addition, the supply and demand of copper remains tight, which is expected to have a positive impact on copper prices, but China's attitude towards bulk commodities prices still needs to be paid attention to.



Currencies



The dollar index fell

Review: Although US manufacturing data is satisfactory, the nonfarm payrolls data failed to meet market expectations. The US dollar rose first and then fell. The dollar index closed at 90.136 last Friday.

Outlook: The market will pay close attention to the Fed's remarks at the interest rate meeting and the announcement of the US consumer price index in the short-term. The USD may have buying support in the short-term, and the dollar index is expected to fluctuate at the 90 level.



Euro stabilizes at a high level

Review: Although the European economic data performed well, the slight rise in USD dampened the EUR's performance. The euro closed at 1.2167 against the USD last Friday.

Outlook: Europe's vaccination progress is satisfactory, and the EU is actively easing travel restrictions. It is predicted that the peak tourist season in the future will further promote the recovery of the European economy, which is positive for the euro.

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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	28966.03	-0.71	1.07	16.74	6.20	-8.23	35.59	26.45
Hang Seng China Enterprise	10826.78	0.11	1.00	7.35	0.63	-12.91	20.01	-15.06
Shanghai Composite	3584.21	-0.25	5.06	22.56	3.42	15.51	22.34	30.88
Shenzen Composite	2392.64	0.59	7.50	29.68	3.36	36.18	25.08	112.56
Dow Jones Industrial	34577.04	0.66	-0.06	28.20	13.56	37.70	93.76	187.94
S&P 500	4192.85	0.61	-0.06	32.44	12.61	52.68	100.27	229.19
NASDAQ COMPOSITE	13614.51	0.48	0.45	40.76	7.19	80.93	178.42	411.35
FTSE 100	7064.35	0.66	-0.85	9.02	9.42	-8.25	12.48	20.54
DAX	15632.67	1.11	1.90	22.15	14.39	22.50	52.54	120.93
NIKKEI 225	28941.52	-0.71	-1.04	27.06	5.86	27.29	74.22	206.49

Data Sources : Bloomberg Data as of 2021/6/4

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	ISM non-manufacturing PMI (May)	62.70	62.80	64.00	Above
US	Non farm payrolls (May)	278K	610K	559K	Below
HK	Retail Sales (YOY)	19.90%	22.00%	10.90%	Above
Japan	Index of consumer confidence	34.70	34.00	34.10	Above
China	Cai xian manufacturing PMI	51.90	51.70	52.00	Above
China	NBS manufacturing PMI (May)	51.10	51.20	51.00	Below

Data Sources : Bloomberg Data as of 2021/6/4

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	103.078125	1.08	2.23
US Treasury 10Y	100.41/64	0.37	1.56
US Treasury 5Y	April 8, 1900	-0.13	0.78
US Treasury 2Y	99.85/89	-0.04	0.15
US Tbill 3M	0.02	98.86	0.02
China Govt Bond 10Y	101.27	5.11	3.11
Japan Govt Bond 10Y	100.19	-0.56	0.08
German Bund 10Y	101.80	0.01	-0.18
UK Gilt 10Y	135.66	-0.39	0.84

Data Sources : Bloomberg Data as of 2021/6/4

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.76	-0.06	0.12	-0.05
HKD/CNH	0.83	0.35	0.55	1.82
USD/CNH	6.39	0.29	0.39	1.74
USD/JPY	109.52	-0.01	-0.89	-5.77
USD/CAD	1.21	0.14	0.43	5.33
GBP/USD	1.42	-0.39	1.24	3.56
AUD/USD	0.77	0.08	-1.33	0.60
EUR/USD	1.22	-0.50	0.00	-0.41

Data Sources : Bloomberg Data as of 2021/6/4

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