

# Weekly Report



## Global Equities



### US stocks rose slightly as market awaits for the outlook on monetary policy

**Review:** US stocks rose slightly last week as investors closely observe the progress in economic recovery and the monetary policy outlook. The Dow rose 0.25%, while the S&P 500 and Nasdaq rose 0.42% and 0.43% respectively.

**Outlook:** The US vaccination progress is satisfactory, the overall economic recovery process is in line with market expectations and the medium to long-term fundamentals for US equities are stable. Economic data and the Fed's attitude towards monetary policy will become the market's short-term focus. We expect the US stock market will remain highly volatile.



### European stocks rebounded last week

**Review:** The improvement in Europe's economic data has slowed down slightly, but the buy-on-the-dip sentiment boosted the stock market's performance. The MSCI Europe Index rebounded by 0.23% last week.

**Outlook:** Although European stocks are affected by external factors in short-term, the overall economic environment has improved, and factors such as loose monetary policy and the European Recovery Fund can still bring medium to long-term support to the European stocks.



### Shanghai Composite Index rose slightly

**Review:** The Chinese government signaled the intent for loose monetary policy, and the Shanghai Composite Index rose slightly by 0.15% last week.

**Outlook:** Although the economic recovery and loose monetary policy are expected to positively impact A-shares, the intervention of regulators in the technology and Internet industry caused market concerns. We expect the 3,600 level will still be the resistance level for the Shanghai Composite Index.



### HSI fell

**Review:** The market is worried about the intensification of the supervision on Chinese internet companies. The Hang Seng Index fell 3.41% last week.

**Outlook:** The Fed's outlook on the market and the supervision of technology and Internet companies have put pressure on the Hang Seng Index. 27,122 points (250DMA) is the short-term support level for the Hang Seng Index.



## Global Bonds



### FTSE World Government Bond Index rose for two consecutive weeks

**Review:** The Delta variant outbreak and the slowdown in economic growth increased market's risk aversion. The FTSE World Government Bond Index rose by 0.35%.

**Outlook:** The market is worried about rising inflation and the Fed Reserve's possible accelerated reduction in bond purchases will continue to constitute a medium-term downside risk for government bonds.



### EM bonds and high-yield bonds rose

**Review:** The Bloomberg Barclays EM Composite Index rose 0.22% on a weekly basis, and the Bloomberg Barclays High Yield Bond Index also rose 0.20%.

**Outlook:** The Fed's potential exit may continue to negatively affect the upside of emerging markets and high-yield bonds. Bonds with good fundamentals and short duration will reduce portfolio volatility.

# Weekly Report



## Commodities



### Crude oil prices fell

**Review:** The market is worried about the breakdown of OPEC+ negotiations. WTI oil prices fell for the first time after 7 consecutive weeks of increase, with a drop of 0.80%, closing at US\$74.56/bbl.

**Outlook:** Market is focused on the outcome of OPEC+ negotiations and the outbreak of variant viruses may, on the other hand, affect economic recovery and crude oil demand. Oil prices are expected to fluctuate at the level of US\$75/bbl in the short-term.



### Spot gold continued to rise last week

**Review:** The expected adjustment of monetary policy and the outbreak of variant viruses have increased the demand for hedging. Last week, gold rose by 1.18% to close at US\$1,808.32/oz.

**Outlook:** The pandemic and economic uncertainty have become favorable factors for the gold price in short term. However, the Fed's hawkish attitude in long-run is unfavorable to gold. Gold prices are expected to fluctuate at the level of US\$1,750-1,850/oz.



### Copper prices rebounded weekly

**Review:** The People's Bank of China's unexpected RRR cut is beneficial for the demand for copper. The LME spot copper price closed at US\$9,482.25/ton last week, up 1.41%.

**Outlook:** The outbreak of the variant virus may slow down the economic recovery and even demand for base metals. Coupled with the relatively strong USD trend, copper prices may be under pressure in the short term.



## Currencies



### USD fell slightly last week

**Review:** The Fed claimed that there is no urgent need to adjust monetary policy. The USD spot index fell slightly last Friday to close at 92.130.

**Outlook:** The Fed has yet to provide clear guidance on the outlook for monetary policy. Economic indicators related to inflation will continue to be the focuses of the market. It is expected that the USD will fluctuate at the current level for a short period of time.



### EUR rebounded slightly against USD

**Review:** The European Central Bank adjusted inflation indicators and boosted EUR. Last Friday, the EUR closed at 1.1876 against USD.

**Outlook:** The European Central Bank intends to create more room for loose monetary policy, which is good for the recovery of the European economy and the performance of EUR. In the short term, EUR may attempt to reach the resistance level of 1.1900 against USD.

## 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	27153.13	-3.41	-5.19	6.29	0.42	-3.99	28.83	26.23
Hang Seng China Enterprise	9822.56	-5.09	-8.05	-6.22	-7.94	-8.07	11.63	-17.84
Shanghai Composite	3525.50	0.15	-1.83	4.16	1.47	24.19	15.57	27.94
Shenzen Composite	2435.21	1.67	1.20	8.26	4.61	52.57	20.34	104.35
Dow Jones Industrial	34421.93	0.24	1.13	33.73	13.93	39.90	90.05	180.15
S&P 500	4320.82	0.40	2.87	37.19	16.33	56.15	103.03	232.63
NASDAQ COMPOSITE	14559.79	0.43	4.50	38.47	14.07	87.91	192.70	428.48
FTSE 100	7030.66	-0.02	-0.17	16.84	10.24	-6.92	6.60	21.35
DAX	15420.64	0.24	-0.03	24.18	14.35	25.57	57.44	118.67
NIKKEI 225	27940.42	-2.93	-1.53	27.89	3.87	28.48	77.11	181.49

Data Sources : Bloomberg Data as of 2021/7/9

### Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	ISM Non-Manufacturing PMI (Jun)	64	63.5	60.1	Below
US	Initial Jobless Claims	371,000	350,000	373,000	Below
EU	Markit Composite PMI (Jun)	59.20	59.20	59.50	Above
EU	Retail Sales (MoM) (May)	-3.90%	4.30%	4.60%	Above
China	Caixin China PMI Services (Jun)	55.10%	54.90%	50.30%	Below
China	CPI (YoY) (Jun)	1.30%	1.20%	1.10%	Below

Data Sources : Bloomberg Data as of 2021/7/9

### Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	108.625	0.00	1.99
US Treasury 10Y	102 27/64	0.00	1.36
US Treasury 5Y	100 13/30	0.00	0.79
US Treasury 2Y	99 75/91	0.00	0.21
US Tbill 3M	0.05	0.00	0.05
China Govt Bond 10Y	100.08	0.00	3.01
Japan Govt Bond 10Y	100.71	0.09	0.03
German Bund 10Y	103.16	0.14	-0.31
UK Gilt 10Y	137.80	0.37	0.61

Data Sources : Bloomberg Data as of 2021/7/9

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.77	0.00	0.07	0.19
HKD/CNH	0.83	0.29	1.24	-0.55
USD/CNH	6.48	0.29	1.17	-0.34
USD/JPY	110.14	-0.77	0.05	6.65
USD/CAD	1.24	0.91	2.55	-2.13
GBP/USD	1.39	0.43	-1.47	1.72
AUD/USD	0.75	-0.65	-3.00	-2.77
EUR/USD	1.19	0.11	-2.01	-2.78

Data Sources : Bloomberg Data as of 2021/7/9

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