

Weekly Report

Global Equities

US equities fell last week as Delta variant fears outweighed Fed assurances

Review: US equities fell last week as fears over rising Covid-19 cases outweighed the Fed Chair's dovish assurance. Dow Jones, the S&P 500 and Nasdaq fell 0.52%, 0.97% and 1.87% respectively

Outlook: Positive second quarter earnings results will likely provide downside support, while investors will remain concerned about rising Covid-19 infections as a result of the spread of the Delta variant.

European equities declined on Covid fears and flood worries

Review: Europe's Covid-19 case continued to rise and floods in Western Europe dampened sentiment. The MSCI Europe Index fell 0.63% last week.

Outlook: Poor sentiment caused by rising Covid-19 cases will likely cap the upside in European equities in the near term, although factors such as the European Recovery Fund can still bring medium and long-term support to Europe stocks.

The Shanghai Composite Index rose for the second consecutive week

Review: The Shanghai Composite Index rose for the second consecutive week, recording 0.43% gain.

Outlook: Although the economic recovery has brought optimistic prospects for China A-shares, the progress of the recovery and inflation factors have brought pressure on the market, and we continued to view the 3,600 level as the resistance level in the short term.

HSI rebounded last week after two straight weeks of losses

Review: The Hang Seng Index rebounded last week after recording two straight weeks of losses. The Hang Seng Index gained 2.41% to close at 28,004.68.

Outlook: Investors generally believe that the Fed will maintain its easing policy in the short-term. Still, we think there is a lack of positive catalysts driving the Hang Seng in the short term. We expect the Hang Seng Index to fluctuate around the 28,000 level.

Global Bonds

FTSE World Government Bond Index rose for the 3rd consecutive week

Review: The concerns on rising Covid-19 infections driven by the Delta variant, and the Fed's dovish stance helped to propel the FTSE World Government Bond Index to record 0.18% gain last week.

Outlook: The market's worries about rising inflation and the Federal Reserve's or accelerated reduction in bond purchases will continue to constitute a medium-term downside risk for government bonds.

Global high yield bonds fell last week while EM bonds recorded gains

Review: The Bloomberg Barclays High Yield Bond Index fell by 0.13% last week after three straight weeks of gains. The Bloomberg Barclays EM USD Aggregate Total Return Index rose for the 3rd straight week, recording 0.32% gains.

Outlook: We expect market to continue pricing in the timing of the Fed's exit from loose monetary policy, which will limit EM bond market's rise. Bonds with good fundamentals and short maturities will reduce portfolio volatility.

Weekly Report



Commodities



Crude oil prices fell due to fear of rising Covid-19 cases derailing economic recovery

Review: Crude oil prices fell last week as fears of rising Covid-19 cases may derail global economic recovery. These concerns outweighed the positive impact of a tight crude oil supply market. Internationally traded Brent crude fell 2.59% to US\$73.59/bbl while US traded WTI fell 3.69% to US\$71.81/bbl.

Outlook: We see the long-term positive trend of crude oil prices remains unchanged although rising Covid-19 cases globally will dampen sentiment in the near term. We expect oil prices will fluctuate around US\$75/bbl.



Gold rose for the fourth consecutive week

Review: Spot gold rose for the fourth consecutive week as investors are concerned about the spread of the delta variant, inflation concerns and gold prices were also supported by the Fed's dovish stance. Spot gold rose 0.21% to US\$1,812.05/oz.

Outlook: The Fed expects to raise interest rates twice in 2023, and the next interest rate meeting will discuss reducing the size of debt purchases, which is expected to put pressure on gold prices.



Copper prices fell slightly last week

Review: LME spot copper price closed at US\$9,427/ton last week, down 0.97%.

Outlook: The market continues to observe the impact of China's attempt to manage high commodity prices, and the firmer USD is expected to have a negative impact on copper prices in the short term.



Currencies



USD rose last week as investors are concerned about delta variant spread

Review: Despite the Fed's dovish stance, the Dollar Spot Index rose 0.60% last week to 92.69, as investors are concerned about the delta variant spread.

Outlook: Investors will closely monitor key economic data such as unemployment rate and inflation expectations to gauge timing of rate hikes. We expect the dollar spot index to fluctuate around current levels.



The IDR weakened against the USD for the 3rd consecutive week

Review: US\$IDR rose for the 3rd consecutive week, with the currency pair gaining 0.10% last week to close at 14,498 per dollar.

Outlook: Investors are concerned about a firm USD plus Indonesia is now grappling with another wave of coronavirus infections. We think the IDR is likely to continue to weaken in the near term, and likely to trade above 14,500 in the near 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	27996.27	2.41	-1.52	12.15	2.84	-0.63	29.30	27.86
Hang Seng China Enterprise	10174.27	2.71	-3.88	0.19	-5.45	-4.14	12.19	-17.44
Shanghai Composite	3564.59	0.43	0.60	10.26	1.91	26.49	15.88	26.54
Shenzen Composite	2478.72	0.71	5.22	14.45	5.35	53.37	20.37	101.64
Dow Jones Industrial	34987.02	-0.52	1.92	29.75	13.33	38.09	87.33	175.58
S&P 500	4360.03	-0.97	2.45	34.57	15.20	54.02	100.17	226.15
NASDAQ COMPOSITE	14543.13	-1.87	2.76	37.75	11.94	83.67	186.85	410.42
FTSE 100	7012.02	-1.60	-2.46	12.12	8.48	-8.11	5.08	21.04
DAX	15629.66	-0.94	-1.08	20.70	13.28	22.74	54.37	116.06
NIKKEI 225	28279.09	0.22	-4.40	22.98	2.04	23.38	69.74	183.15

Source: Bloomberg. As of 2021/07/16

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end Jul 10	386,000	350,000	360,000	Above
US	Retail Sales Control Group	-1.4%	0.4%	1.1%	Above
US	University of Michigan Sentiment Index	85.5	86.5	80	Below
EU	CPI YoY	1.9%	1.9%	1.9%	On Par
EU	Industrial Production SA MoM	0.6%	-0.3%	-1.0%	Below
China	Exports YoY	51.1%	29.5%	36.7%	Above

Source : Bloomberg 2021/07/16

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	110.25	1.50	1.92
US Treasury 10Y	102.99	0.56	1.30
US Treasury 5Y	100.48	0.05	0.78
US Treasury 2Y	99.80	-0.02	0.23
US Tbill 3M	0.04	-15.00	0.04
China Govt Bond 10Y	100.51	0.42	2.96
Japan Govt Bond 10Y	100.91	0.20	0.01
German Bund 10Y	103.44	0.41	-0.33
UK Gilt 10Y	137.17	-0.09	0.66

Source: Bloomberg. As of 2021/07/16

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.77	0.00	0.06	0.19
HKD/CNH	0.83	-0.18	0.53	-7.63
USD/CNH	6.46	-0.09	0.54	-7.42
USD/JPY	109.83	-0.06	-0.58	2.61
USD/CAD	1.26	1.33	2.74	-7.08
GBP/USD	1.38	-0.96	-1.58	9.67
AUD/USD	0.74	-1.16	-2.75	6.17
EUR/USD	1.18	-0.59	-1.58	3.71

Source: Bloomberg. As of 2021/07/16

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