

Weekly Report



Global Equities

U.S equities closed at record highs last week



Review: U.S equities ended at record highs last week, driven by upbeat earnings and signs of economic recovery. Dow Jones, the S&P 500 and Nasdaq rose 1.08%, 1.96% and 2.84% respectively.

Outlook: Upbeat corporate earnings will provide support for U.S equities in the short term. However, the increase in Covid-19 cases due to Delta variant will be the concern to the investors in the upcoming week.

European stocks ended higher on dovish comments from ECB



Review: European stocks ended higher on dovish comments from European Central Bank (ECB). The MSCI Europe index rose 1.37%.

Outlook: Although investors grow increasingly anxious about rising Covid-19 cases caused by the Delta variant, the ECB's dovish stance will continue to provide downside support to the European stocks.

Shanghai Composite Index rose for the third consecutive week



Review: Shanghai Composite Index rose for the third consecutive week, with 0.31% gain.

Outlook: The unexpected RRR cut by The People's Bank of China (PBOC) in July improved Chinese market sentiment. We expect Shanghai Composite Index to fluctuate around the 3,500 level in the short term.

HSI fell



Review: The Hang Seng Index dropped last week due to the uncertainty over the authorities' regulatory actions on Chinese internet companies. Hang Seng Index fell 2.44% to close at 27,321.98.

Outlook: The uncertainty over regulatory actions on Chinese internet companies and the increase in Covid-19 cases in the world weighed on the Hang Seng Index last week. We see 28,000 as a strong resistance level due to a lack of positive catalysts in the short term. Whereas, 26,000 is a support level for the Hang Seng Index.



Global Bonds

FTSE World Government Bond Index rose for four consecutive weeks



Review: The Delta variant outbreak and deterioration of US-China Relations have increased risk aversion in the market, and the FTSE World Government Bond Index rose by 0.34%.

Outlook: The market's worries 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 fell slightly, high-yield bonds rose



Review: The Bloomberg Barclays Emerging Markets USD Composite Index fell 0.02% on a weekly basis, the Bloomberg Barclays High Yield Bond Index rose 0.07%, for the fourth consecutive weeks.

Outlook: In addition to the Fed's potential exit, the Delta variant also bring pressure to both EM Bonds and high-yield bonds, we believe bonds with good fundamentals and short maturities will help reduce portfolio volatility.

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Commodities



Crude oil rebounded from recent low

Review: Although OPEC+ reached a deal to raise oil production, the unexpected decline in US crude oil inventories supported oil prices. WTI rebounded from recent low, rose 0.36% week-on-week to close at US\$ 72.07/bbl.

Outlook: Though OPEC+ will increase the oil supply, the demand of crude is yet to be met, supporting the long-term positive trend of oil prices. However, investors should pay attention to the progress of US-Iran negotiations and the outbreak of Delta variant, oil prices are expected to have support at US\$ 70/bbl.



Spot gold fell

Review: Although the Delta variant outbreak has increased market's risk aversion, hot money continued to pour into the stock market also reflected the increase in investors' risk appetite. Gold price fell 0.55% to close at US\$ 1,802/oz.

Outlook: U.S. officials' are still calling for the Fed to adjust its asset purchase plan. Gold lacks positive factors in long-run, and the price of gold may fall below US\$1,800/oz.



Copper prices rebounded weekly

Review: Market is optimistic to the supply-demand relationship of copper again, the LME spot copper price closed at US\$9,495.00/ton last week, a gain of 1.10%.

Outlook: Global demand for copper grew plus many countries imposed tariffs on ferrous metals, causing a reduction in copper production. We expect these two factors will support copper price's upward trajectory.



Currencies



USD rose slightly last week

Review: The Delta variant outbreak increased the demand for hedging, USD spot index rose to close at 92.912.

Outlook: The Fed may discuss adjustments of bond purchases this week, coupled with the short-term hedging demand in the market, the USD spot index may test the previous resistance level of 93.3.



EUR fell slightly against USD

Review: The European Central Bank dovish attitude has weakened the EUR. The EUR closed at 1.1771 against USD last Friday.

Outlook: The European Central Bank intends to create more room for loose monetary policy, and the epidemic caused many European countries to reimpose lock-down measures. The EUR may test the support level of 1.1717 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	27321.98	-2.44	-8.41	8.58	-1.49	-6.79	21.22	21.04
Hang Seng China Enterprise	9839.05	-3.09	-11.33	-4.31	-10.17	-12.48	6.44	-21.94
Shanghai Composite	3574.73	0.31	-1.58	11.06	2.23	23.18	16.40	31.35
Shenzen Composite	2503.85	0.57	1.07	15.42	5.96	53.33	20.69	110.72
Dow Jones Industrial	34823.35	1.08	1.82	32.46	14.56	37.35	89.79	180.46
S&P 500	4367.48	1.96	3.06	37.20	17.46	55.48	103.39	231.23
NASDAQ COMPOSITE	14684.60	2.84	3.32	43.17	15.12	88.95	190.35	422.44
FTSE 100	6968.30	0.28	-1.52	14.76	8.78	-8.29	4.51	18.51
DAX	15514.54	0.83	0.39	22.05	14.22	22.33	52.90	113.20
NIKKEI 225	27548.00	-1.63	-3.40	22.64	1.67	22.93	67.82	172.81

Data Sources : Bloomberg Data as of 2021/7/23

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Markit US Manufacturing PMI (Jul)	62.1	62	63.1	Above
US	Initial Jobless Claims	360,000	350,000	419,000	Below
EU	Markit Composite PMI (Jul)	59.50	60.00	60.60	Above
EU	ECB Deposit Facility Rate	-0.50%	-0.50%	-0.50%	On Par
China	1-Year Loan Prime Rate	3.85%	3.85%	3.85%	On Par
China	5-Year Loan Prime Rate	4.65%	4.65%	4.65%	On Par

Data Sources : Bloomberg Data as of 2021/7/23

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	110.3515625	0.00	1.92
US Treasury 10Y	103 3/16	0.00	1.28
US Treasury 5Y	100 11/14	0.00	0.71
US Treasury 2Y	99 6/7	0.00	0.20
US Tbill 3M	0.05	0.00	0.05
China Govt Bond 10Y	100.98	0.00	2.90
Japan Govt Bond 10Y	100.87	0.24	0.01
German Bund 10Y	104.40	0.06	-0.43
UK Gilt 10Y	138.16	0.17	0.56

Data Sources : Bloomberg Data as of 2021/7/23

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.77	0.01	-0.12	-0.24
HKD/CNH	0.83	-0.14	-0.23	0.56
USD/CNH	6.48	-0.19	-0.33	0.31
USD/JPY	110.55	0.86	0.21	-6.48
USD/CAD	1.26	-1.33	-1.93	1.15
GBP/USD	1.37	0.53	-0.97	0.57
AUD/USD	0.74	0.12	-2.83	-4.43
EUR/USD	1.18	-0.25	-1.29	-3.64

Data Sources : Bloomberg Data as of 2021/7/23

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