

# Weekly Report



## Global Equities



### US equities closed lower as investors worried about covid cases & inflation

**Review:** US equities ended lower Friday, posting weekly losses as investors worried about persistent Covid cases slowing the economy and hot inflation causes the Federal Reserve to take away easy policies. Dow Jones, Nasdaq and the S&P 500 dropped 2.15%, 1.61% and 1.69% respectively.

**Outlook:** The market will continue to monitor the spread of the Delta variant and the outcome of the Fed's September FOMC meeting.



### European equities closed lower as investors weighed risks from tighter monetary policies

**Review:** The MSCI Europe Index fell 1.16% last week as investors weighed risks from tighter monetary policies after the European Central Bank signaled a slowdown of its pandemic bond-buying program in the final quarter of 2021.

**Outlook:** Tightening of monetary policies will put pressure on European equities. Investors will monitor the recalibration of the pandemic emergency purchase program for the next three months.



### The Shanghai Composite Index rose last week and broke through 3,700

**Review:** The Shanghai Composite Index broke through 3,700 and closed at 3,703.11 on Friday, posting 3.39% weekly gain.

**Outlook:** Although the Shanghai Composite Index recently broke through 3,700, we think that stringent regulations will add pressure on Chinese equities.



### The Nikkei 225 Index rose last week and hit a six-month high on Friday

**Review:** The Nikkei 225 Index rose 4.30% last week and hit a six-month high on Friday on hopes for a new government and further improvement in corporate earnings.

**Outlook:** The BOJ's accommodative monetary policy is expected to continue provide support for Japanese equities. Investors will monitor on the Japanese politics after PM Yoshihide Suga's exit.



## Global Bonds



### FTSE World Government Bond Index fell 0.26% last week

**Review:** FTSE World Government Bond Index fell 0.26% last week as investors bet on the Fed and ECB's taper plans.

**Outlook:** Concerns over rising inflation and the accelerated reduction in bond purchases by the Fed and ECB will continue to pose downside risk for government bonds in the medium term.



### Global high yield bonds and EM bonds rose slightly last week

**Review:** The Bloomberg Barclays High Yield Bond Index and Bloomberg Barclays EM USD Aggregate Total Return Index rose slightly last week, recorded 0.01% and 0.05% gains respectively.

**Outlook:** We expect the market to continue to price in 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.



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## Commodities



### US WTI crude rose 0.62% last week

**Review:** WTI rose 0.62% last week to US\$69.72/bbl as concerns over US supplies following damage from Hurricane Ida and expected higher demand.

**Outlook:** Although rising Covid-19 cases will exert downward pressure on the oil price in the near term, we expect oil prices will increase as the global economy gradually recovers from the pandemic. We expect crude oil prices to trade around US\$75/bbl in the near term.



### Gold prices slipped on US Fed tapering concerns

**Review:** Spot gold fell 2.20% last week to US\$1,787.58/oz as the market believed the Fed might tighten monetary policy and commence with tapering plans.

**Outlook:** Although gold can be used as a hedge against inflationary pressures, we expect the price of spot gold will continue to be tested in the coming quarter as a result of global economic recovery. We believe that US\$1680/oz is the support level for spot gold.



### The Bloomberg commodity spot index fell slightly last week

**Review:** The Bloomberg commodity spot index fell slightly by 0.11% last week, closing at 491.87.

**Outlook:** The prices of commodities, ranging from energy, metals to food are expected to continue to rise as the world recovers from the pandemic, thus will result in the Bloomberg commodity spot index to climb higher.



## Currencies



### USD rose 0.6% last week

**Review:** The US Dollar Spot Index rose 0.6% last week to close at 92.58 as the market believe that the Fed might tighten monetary policy and commence with tapering plans.

**Outlook:** The market will look for signals in the Fed's September FOMC meeting to find clues about the direction of the Fed's monetary policy. We expect the USD to fluctuate at current level in the short term.



### GBP fell against USD

**Review:** The Bank of England's hawkish stance resulted in the rise of the pound. GBP closed at 1.38 against USD last Friday.

**Outlook:** Investors are worried about the trade dispute between the UK and Northern Ireland. At the same time, we believe the current strength in GBP will not be maintained in 3Q21, as the pair is affected by news such as the implication of the Fed possibly raising interest rates earlier than expected. The pair will trade between resistance level of 1.4248 and support level at 1.3524.

# 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	26205.91	1.17	-1.50	7.78	-3.76	-0.82	8.74	37.70
Hang Seng China Enterprise	9386.84	1.02	-1.18	-3.07	-12.59	-9.16	-6.67	-5.83
Shanghai Composite	3693.13	3.39	4.91	14.48	6.62	38.96	20.28	49.84
Shenzen Composite	2494.28	3.63	0.73	17.51	7.41	77.53	22.95	132.29
Dow Jones Industrial	34879.38	-2.15	-1.86	25.69	13.07	33.25	91.36	211.62
S&P 500	4493.28	-1.69	0.49	33.52	18.70	54.39	109.54	280.14
NASDAQ COMPOSITE	15248.25	-1.61	2.21	38.43	17.28	89.60	194.88	496.94
FTSE 100	7024.21	-1.53	-1.84	17.09	8.80	-3.36	3.72	35.85
DAX	15623.15	-1.09	-1.02	18.18	13.78	30.40	47.63	202.14
NIKKEI 225	30381.84	4.30	8.94	30.76	10.70	34.05	79.08	252.60

Source: Bloomberg. As of 2021/09/10

## Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end Sep 4	345,000	335,000	310,000	Above
US	PPI Final Demand MoM	1.0%	0.6%	0.7%	Above
US	JOLTS Job Openings for July	10.2 million	10.0 million	10.9 million	Above
EU	GDP SA YoY	13.6%	13.6%	14.3%	Above
EU	Sentix Investor Confidence	22.2	19.7	19.6	Above
China	Exports YoY	19.3%	17.3%	25.6%	Above

Source : Bloomberg 2021/09/10

## Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	101.48	0.21	1.93
US Treasury 10Y	99.13	-0.18	1.34
US Treasury 5Y	99.68	-0.16	0.82
US Treasury 2Y	99.83	-0.01	0.21
US Tbill 3M	0.04	-5.88	0.04
China Govt Bond 10Y	101.28	-0.36	2.87
Japan Govt Bond 10Y	100.56	-0.05	0.04
German Bund 10Y	103.67	-0.01	-0.36
UK Gilt 10Y	95.38	-0.19	0.74

Source: Bloomberg. As of 2021/09/10

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.78	0.07	-0.05	0.35
HKD/CNH	0.83	-0.24	-0.73	-6.28
USD/CNH	6.44	0.07	-0.68	-5.87
USD/JPY	109.94	0.21	-0.57	3.59
USD/CAD	1.27	1.34	1.37	-3.79
GBP/USD	1.38	-0.23	-0.03	8.08
AUD/USD	0.74	-1.39	0.08	1.35
EUR/USD	1.18	-0.56	0.80	-0.01

Source: Bloomberg. As of 2021/09/10

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