

Weekly Report



Global Equities



US equities closed higher as US reached a debt-ceiling deal

Review: US equities closed higher as investors were optimistic that congressional Democrats and Republicans reached a deal to avert a government debt default. Dow Jones, Nasdaq and the S&P 500 rose 1.22%, 0.09% and 0.79% respectively.

Outlook: Relatively higher vaccination rates and accommodative monetary policy will aid economic recovery and boost market sentiment. Investors will watch third-quarter earnings reports that start to arrive next week.



European equities rose as optimism on corporate earnings outweighed concerns about inflation

Review: The MSCI Europe Index rose 1.10% last week as investors' optimism about the earnings season outweighed concerns about inflation.

Outlook: The recent announcement of slowing down the pace of net asset purchases by the European Central Bank was considered as a sign of tightening of monetary policy. ECB's decision to slow the pace of asset purchases and rising inflation will continue to put pressure on European equities in the upcoming weeks.



Chinese equities inched higher last week on positive economic data

Review: The Shanghai Composite Index rose 0.67% last week as the Caixin Purchasing Managers' Index (PMI) in September returned to expansion zone.

Outlook: The uncertainty over government's regulatory crackdown, property sector turmoil and a nationwide power crunch will continue to weigh on the Chinese equities in the upcoming week. We believe Shanghai Composite Index will fluctuate around 3,550 in the short term.



Hang Seng Index rose last week

Review: The Hang Seng Index climbed 1.07% last week led by tech and financial stocks.

Outlook: : The uncertainty over China's regulatory actions and Evergrande's debt troubles will continue to weigh on Hong Kong stock market in the upcoming weeks. We view 24,000 as a short-term support for Hang Seng Index.



Global Bonds



FTSE World Government Bond Index fell last week

Review: FTSE World Government Bond Index fell 0.80% last week as investors bet on Fed and ECB taper.

Outlook: The concerns over rising inflation, Fed tapering and ECB's decision to slow the pace of asset purchases may continue to pose downside risk to the government bonds in the medium term.



Global high yield bonds and EM bonds declined last week

Review: The Bloomberg Barclays High Yield Bond Index and Bloomberg Barclays EM USD Aggregate Total Return Index recorded 0.49% and 0.83% losses last week respectively.

Outlook: Due to the recent announcement of slowing down the pace of net asset purchases by the ECB and the possibility of Fed's tapering at the end of the year, we believe this will continue to weigh on EM bonds for the next few weeks. Investors should choose bonds with good fundamentals and short duration, in order to reduce investment portfolio's volatility.

Weekly Report



Commodities



US WTI crude rose for the seventh consecutive week

Review: WTI rose 4.57% last week to US\$79.35/bbl driven by the decision of OPEC+ to stick to plans to add only 400,000 barrels per day of supply in November.

Outlook: We expect that oil prices will increase as the global economy gradually recovers from pandemic. At the same time, the surge in gas prices and the extent of fuel switching from gas to oil will be the key factor to watch in the upcoming week.



Spot gold fell last week

Review: Spot gold fell 0.22% last week to US\$1,757.13/oz as the market believed that the Fed would start tapering this year.

Outlook: Although gold can be used as a hedge against inflationary pressure, we expect the price of spot gold will continue to be tested in the next quarter as the global economy recovers. We view US\$1720/oz as the short-term support level for spot gold.



The Bloomberg commodity spot index rose last week

Review: The Bloomberg commodity spot index rose last week, closing at 520.06, an increase of 1.75%.

Outlook: The prices of commodities, ranging from energy, metals to food are expected to continue rising as the world recover from the pandemic, which caused the Bloomberg commodity spot index to go higher.



Currencies



USD rose last week

Review: The US Dollar Spot Index rose 0.03% last week to close at 94.0670 as investors still expected the Fed to begin tapering asset purchases this year despite of weaker-than-expected September job data.

Outlook: The uncertainty of the Evergrande liquidity crisis and the reduction of asset purchases by the Fed will be positive factors for the US dollar in the short term. We view 94.5 as the short-term resistance level.



GBP rose against USD

Review: GBP rose 0.51% against the USD last week as expectations of interest rate hikes offset concerns about the UK's fuel crisis and labor shortages.

Outlook: The Bank of England's upward adjustment of inflation for the quarter and its hawkish stance will provide support for the pound. However, the Fed's reduction in asset purchases will put pressure on the pound. We expect the pound to fluctuate between the resistance level of 1.4248 and the support level of 1.3224.

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	24837.85	1.07	-3.14	5.24	-6.78	0.47	7.79	36.91
Hang Seng China Enterprise	8775.65	0.56	-3.90	-6.20	-15.99	-10.62	-7.99	-5.20
Shanghai Composite	3592.17	0.67	-2.63	10.20	3.82	39.57	17.63	52.95
Shenzen Composite	2413.92	0.79	-3.60	8.85	3.55	86.41	18.02	143.26
Dow Jones Industrial	34754.94	1.22	0.40	21.55	13.53	38.69	91.66	204.36
S&P 500	4399.76	0.79	-1.51	26.29	16.91	60.95	105.52	267.31
NASDAQ COMPOSITE	14654.02	0.09	-3.55	25.90	13.12	98.93	177.88	464.44
FTSE 100	7078.04	0.97	0.94	17.93	9.83	1.26	0.35	31.50
DAX	15250.86	0.33	-2.59	16.51	10.84	31.78	43.76	159.27
NIKKEI 225	28048.94	-2.51	-6.26	20.58	3.77	26.07	67.28	219.69

Source: Bloomberg 2021/10/8

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Markit Services PMI (Sep)	54.4	54.4	54.9	Above
US	Unemployment Rate (Sep)	5.2%	5.1%	4.8%	Below
EU	CPI Core YoY (Sep)	1.6%	1.9%	1.9%	On Par
EU	Markit Composite PMI (Sep)	56.1	56.1	56.2	Above
Japan	Tokyo CPI YoY (Sep)	-0.4%	-0.1%	0.3%	Above
S.Korea	CPI Core YoY (Sep)	1.8%	1.8%	1.9%	Above

Source: Bloomberg 2021/10/8

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	96.375	0.00	2.17
US Treasury 10Y	96 45/64	0.00	1.61
US Treasury 5Y	99 7/69	0.00	1.06
US Treasury 2Y	99 19/22	0.00	0.32
US Tbill 3M	0.06	0.00	0.06
China Govt Bond 10Y	100.94	0.00	2.91
Japan Govt Bond 10Y	100.18	-0.45	0.08
German Bund 10Y	101.85	0.34	-0.19
UK Gilt 10Y	92.32	0.77	1.08

Source: Bloomberg 2021/10/8

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.78	-0.06	0.03	0.38
HKD/CNH	0.83	-0.10	-0.13	-1.36
USD/CNH	6.45	-0.16	-0.03	-0.96
USD/JPY	112.24	1.59	2.45	9.14
USD/CAD	1.25	-0.99	-1.45	-2.04
GBP/USD	1.36	0.20	-1.45	-0.24
AUD/USD	0.73	0.51	-0.69	-4.89
EUR/USD	1.16	-0.42	-2.02	-5.27

Source: Bloomberg 2021/10/8

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