

# Weekly Report



## Global Equities



### US equities rose on strong corporate earnings and hopes for additional fiscal stimulus

**Review:** US equities closed higher aided by strong third-quarter earnings reports and hopes for additional fiscal stimulus. Dow Jones, Nasdaq and the S&P 500 rose 1.08%, 1.29% and 1.64% respectively.

**Outlook:** Strong third-quarter corporate earnings reports and accommodative monetary policy will continue to support US equities in the upcoming weeks.



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

**Review:** The MSCI Europe Index rose 0.50% last week as investors' optimism about the earnings season outweighed concerns about inflation.

**Outlook:** We believe the optimism about the earnings season and ECB's accommodative monetary policy will provide support for the European equities.



### Chinese equities inched higher as concerns over Evergrande debt crisis eased

**Review:** The Shanghai Composite Index rose 0.29% last week as officials sought to calm fears about the property sector and China Evergrande Group made a delayed coupon payment.

**Outlook:** The slowdown in China's economy and a growing energy crunch will put pressure on the Chinese equities in the upcoming weeks. 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 3.14% last week led by tech stocks and easing concerns over Evergrande debt issues.

**Outlook:** : The slow down in China's economy and the uncertainty over China's regulatory actions will continue to pressure 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 0.18% last week as investors bet on Fed and ECB taper.

**Outlook:** The concerns over rising inflation, accelerated reduction in bond purchases by the Fed and ECB's decision to slow the pace of asset purchases will constitute a medium-term downside risk for government bonds.



### 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 0.14% and 0.21% losses last week respectively.

**Outlook:** Due to the possibility of Fed's tapering at the end of the year, we believe EM bonds will continue to be tested for the next few weeks. Investors should choose bonds with good fundamentals and short duration, in order to reduce investment portfolio's volatility.

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## Commodities



### WTI crude rose for the ninth consecutive week

**Review:** WTI rose 1.80% last week to US\$83.76/bbl and posted ninth consecutive weekly gain as an energy supply crunch continued across the globe.

**Outlook:** We expect that oil prices will continue to 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 weeks.



### Spot gold rose last week

**Review:** Spot gold climbed 1.42% last week to US\$1,792.65/oz, driven by the softening greenback and rising inflation concerns.

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



### The Bloomberg commodity spot index fell last week

**Review:** The Bloomberg commodity spot index slipped 0.93% to close at 527.10 last week due to weakening iron ore prices.

**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 in the upcoming weeks.



## Currencies



### USD fell last week

**Review:** The US Dollar Spot Index declined 0.31% last week to close at 93.6420 due to the improvement of investor risk sentiment.

**Outlook:** As the US's economy continues to recover and the Fed plans to start tapering at the end of this year, we believe the US dollar will remain strong in the short term. We view 94.5 as the short-term resistance level.



### AUD rose against USD

**Review:** AUD rose 0.61% against the USD last week driven by economic reopening and the prospect of interest rate hikes.

**Outlook:** With the easing lockdown rules in Sydney and the significant increase in the vaccination rates in Australia, we believe that the Australian dollar will strengthen in the coming week. At the same time, the price trend of iron ore and coal will be the main factors that investors will pay attention to in the short term. We view 0.7968 as the short-term resistance level for the Australian dollar.

## 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	26017.53	3.14	8.00	4.85	-4.05	4.53	10.87	37.74
Hang Seng China Enterprise	9273.57	4.36	8.74	-7.59	-12.87	-8.05	-4.89	-5.11
Shanghai Composite	3594.78	0.29	-0.84	9.29	3.15	37.59	14.39	48.68
Shenzen Composite	2416.18	0.51	-0.89	9.64	3.58	86.62	16.12	140.57
Dow Jones Industrial	35603.08	1.08	2.53	25.91	16.57	42.80	96.36	204.76
S&P 500	4549.78	1.64	2.01	31.15	21.00	67.98	112.07	269.79
NASDAQ COMPOSITE	15215.70	1.29	0.28	30.67	17.08	106.20	185.62	471.94
FTSE 100	7190.30	-0.41	2.17	22.94	11.52	2.86	2.66	30.39
DAX	15472.56	-0.28	0.07	22.91	13.30	37.46	44.49	157.05
NIKKEI 225	28708.58	-0.91	-4.77	22.49	4.96	35.43	65.88	228.74

Source: Bloomberg 2021/10/22

### Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Markit Services PMI (Oct)	54.9	55.2	58.2	Above
US	Existing Home Sales (in 10,000 units) (Sep)	588	609	629	Above
China	1-year Loan Prime Rate (Oct)	3.85%	3.85%	3.85%	On Par
China	GDP QoQ (Third Quarter)	1.3%	0.4%	0.2%	Below
UK	CPI Core YoY (Sep)	3.1%	3.0%	2.9%	Below
Japan	CPI YoY (Sep)	-0.4%	0.2%	0.2%	On Par

Source: Bloomberg 2021/10/22

### Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)	Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
US Treasury 30Y	96.73	-0.58	2.15	USD/HKD	7.78	-0.06	0.17	-0.26
US Treasury 10Y	95 59/64	-0.54	1.70	HKD/CNH	0.82	-0.75	1.24	2.17
US Treasury 5Y	98 1/4	-0.31	1.24	USD/CNH	6.39	-0.79	1.29	1.87
US Treasury 2Y	99 35/58	-0.11	0.46	USD/JPY	113.99	-0.63	-3.28	-9.03
US Tbill 3M	0.05	14.29	0.05	USD/CAD	1.24	-0.02	3.28	2.90
China Govt Bond 10Y	100.45	1.27	2.97	GBP/USD	1.38	0.03	0.98	0.62
Japan Govt Bond 10Y	100.15	-0.14	0.09	AUD/USD	0.75	0.61	3.02	-2.96
German Bund 10Y	101.01	-0.61	-0.10	EUR/USD	1.16	0.36	-0.38	-4.69
UK Gilt 10Y	91.26	-0.36	1.20					

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