

Top things to know for the week ahead

Politics likely to continue to overshadow economics this week

Aside from political developments, our focus for the week will be on the Empire manufacturing survey, retail sales and jobless claims data. December's retail sales report is set to show whether the weak figures sales in November was more fundamentally driven by unemployment or just consumers delaying their holiday purchases to the end of the year. We note that probability is skewed towards the upside for the dataset, as December's announcement of stimulus payouts coupled with slower consumer spending on Black Friday is likely to drive end-of-year sales. In addition, upside pressure from strong auto sales during the month will probably help as well. We expect the headline figure to gain in the range of 0.5% to 0.7% as a result, while core retail sales (ex. auto & gas) rises only marginally in the range of 0.0% to 0.2%.

Increased restrictions are likely to have had an impact on the New York Fed's Empire manufacturing survey, especially since the New York region that is facing one of the stricter lockdown measures in the US. Still, we will be looking at details of the report for a better picture of economic conditions in the state due to the imbalanced nature of the current economic recovery. Specifically, we will be looking for survey respondents' optimism moving forward and employment to mirror that of ISM's most recent report. Similarly, jobless claims should continue to paint a similar picture as it has, i.e an easing pace of decline in layoffs and gradual improvements in hiring while unemployment remains at elevated levels.

With that said, we don't expect economic indicators to have a large short-term impact on the US dollar. Instead, we expect the reflation trade to continue in the medium-term as a result of a potential large-scale fiscal spending plan from the incoming US administration, pushing DXY to retest the 2018 low at around 88.47's level. In the short-term, we anticipate upside pressure to continue for DXY, possibly towards a ceiling of 91.10's level as risk-on positioning is likely to put downward pressure on Treasuries.

Commodity Against DXY (Rebased to 100)

4-week chart

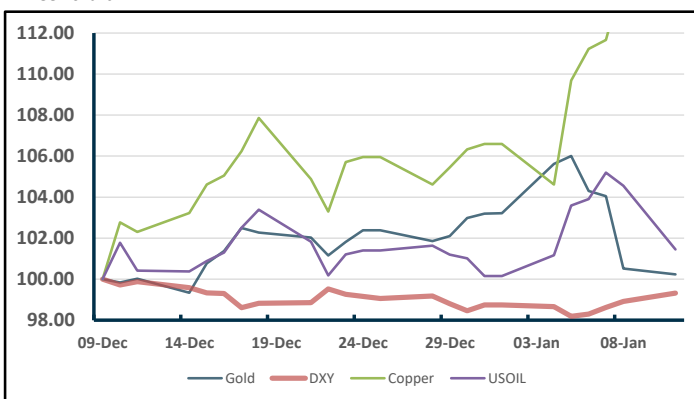


Chart Source: ADSS, Bloomberg

Data Watch

Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	08:30	AUD	Australia Retail Sales MoM
	09:30	CNY	China PPI YoY
	09:30	CNY	China CPI YoY
	22:40	EUR	Eurozone ECB's Lagarde Moderates Panel Discussion
Tue	07:50	JPY	Japan BoP Current Account Balance
Wed	20:00	USD	United States MBA Mortgage Applications
	21:30	USD	United States CPI MoM
	-	CNY	China 1-Yr Medium-Term Lending Facility Rate
Thu	07:50	JPY	Japan Core Machine Orders MoM
	07:50	JPY	Japan PPI YoY
	21:30	USD	United States Initial Jobless Claims
Fri	00:00	USD	United States Fed's Bostic Moderates Panel on Inclusive Recovery
	02:00	USD	United States Fed's Kaplan Takes Part in Moderated Q&A
	12:30	JPY	Japan Tertiary Industry Index MoM
	15:00	GBP	United Kingdom Industrial Production MoM
	15:00	GBP	United Kingdom Manufacturing Production MoM
	21:30	USD	United States Retail Sales Advance MoM
	22:15	USD	United States Industrial Production MoM
	23:00	USD	United States U. of Mich. Sentiment

Weekly Market Snapshot

Index Returns					
	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	3,824.68	1.83%	1.83%	1.83%	1.83%
DJ Industrial Average	31,097.97	1.61%	1.61%	1.61%	1.61%
Nasdaq	13,105.20	1.68%	1.68%	1.68%	1.68%
Euro Stoxx 50	3,645.05	2.60%	2.60%	2.60%	2.60%
MSCI EAFE Small Cap	297.04	2.40%	2.40%	2.40%	2.40%
FTSE 100	6,873.26	6.39%	6.39%	6.39%	6.39%
DAX	14,049.53	2.41%	2.41%	2.41%	2.41%
CAC 40	5,706.88	2.80%	2.80%	2.80%	2.80%
Hang Seng	27,878.22	2.38%	2.38%	2.38%	2.38%
MSCI World	2,753.31	2.35%	2.35%	2.35%	2.35%
ASX 200	6,757.87	2.59%	2.59%	2.59%	2.59%
NIKKEI	28,139.03	2.53%	2.53%	2.53%	2.53%
CSI 300	5,484.99	5.67%	5.67%	5.67%	5.67%
China A50	18,567.13	5.27%	5.27%	5.27%	5.27%
TWSE	14,983.13	1.70%	4.96%	4.96%	4.96%
Fixed Income					
Barclays Aggregate	556.13	-0.46%	-0.46%	-0.46%	-0.46%
Barclays Euro Aggregate	275.31	-0.02%	-0.02%	-0.02%	-0.02%
Barclays US High Yield	2,343.54	0.23%	0.23%	0.23%	0.23%
Barclays Euro High Yield	422.39	0.53%	0.53%	0.53%	0.53%
Barclays TIPS	126.79	-0.67%	-0.67%	-0.67%	-0.67%
JPM EMBI Global Divers	987.11	-0.81%	-0.81%	-0.81%	-0.81%
Other					
DJ US Real Estate	326.00	-2.66%	-2.66%	-2.66%	-2.66%
S&P GSCI	427.56	4.42%	4.42%	4.42%	4.42%
US Dollar Index	90.10	0.18%	0.18%	0.18%	0.18%
VIX	21.56	-5.23%	-5.23%	-5.23%	-5.23%

Commodities					
	Latest Price	31/12/20	30/11/20	31/10/20	31/12/18
Prices					
WTI Oil (\$/barrel)	52.24	48.52	45.34	35.79	45.41
Brent Oil (\$/barrel)	55.99	51.80	47.59	37.46	53.80
Gold (\$/oz)	1,849.01	1,898.36	1,776.95	1,878.81	1,282.49
Silver (\$/oz)	25.42	26.40	22.64	23.66	15.50
Copper	3.67	3.52	3.42	3.05	2.63
Corn	4.96	4.84	4.20	3.99	3.75
Coffee	1.24	1.28	1.21	1.04	1.02
Natural Gas	2.70	2.54	2.88	3.35	2.94

Currencies					
	Latest Price	31/12/20	30/11/20	31/10/20	31/12/18
Prices					
EURUSD	1.2218	1.2216	1.1927	1.1647	1.1467
GBPUSD	1.3568	1.3670	1.3323	1.2947	1.2754
USDJPY	103.94	103.25	104.31	104.66	109.69
USDCNH	0.8855	0.8852	0.9089	0.9170	0.9821
USDCAD	1.2702	1.2725	1.3001	1.3321	1.3637
AUDUSD	0.7757	0.7694	0.7344	0.7028	0.7049
NZDUSD	0.7242	0.7184	0.7017	0.6615	0.6719
USDCNH	6.4649	6.5028	6.5839	6.6964	6.8706

Crypto Currencies					
	Latest Price	31/12/20	30/11/20	31/10/20	31/12/18
Prices					
BTC/USD	40,040.70	28,996.28	19,378.6	13,639.4	3,674.18
XRP/USD	0.3073	0.2249	0.6477	0.2386	0.3458
LTC/USD	169.73	124.11	86.61	54.12	29.51
DSH/USD	95.28	99.30	111.75	70.88	79.95

Rates & Spreads					
	Latest Rate	31/12/20	30/11/20	31/10/20	31/12/18
Rates					
Fed Funds Target	0.25%	0.25%	0.25%	0.25%	2.50%
ECB Depo Rate	-0.50%	-0.50%	-0.50%	-0.50%	-0.40%
3 Month US Dollar Libor	0.22%	0.24%	0.23%	0.22%	2.81%
US Treasuries 2 Year	0.13%	0.12%	0.15%	0.15%	2.49%
US Treasuries 10 Year	1.12%	0.91%	0.84%	0.87%	2.68%
German Bunds 2 Year	-0.71%	-0.72%	-0.75%	-0.80%	-0.62%
German Bunds 10 Year	-0.52%	-0.57%	-0.57%	-0.63%	0.24%
Japan Gov't Bonds 10 Year	0.03%	0.02%	0.03%	0.04%	-0.01%
UK Gilts 10 Year	0.29%	0.20%	0.31%	0.26%	1.28%
Swiss Gov't Bonds 10 Year	-0.51%	-0.58%	-0.55%	-0.56%	-0.28%

Global Equity Returns YTD 2021

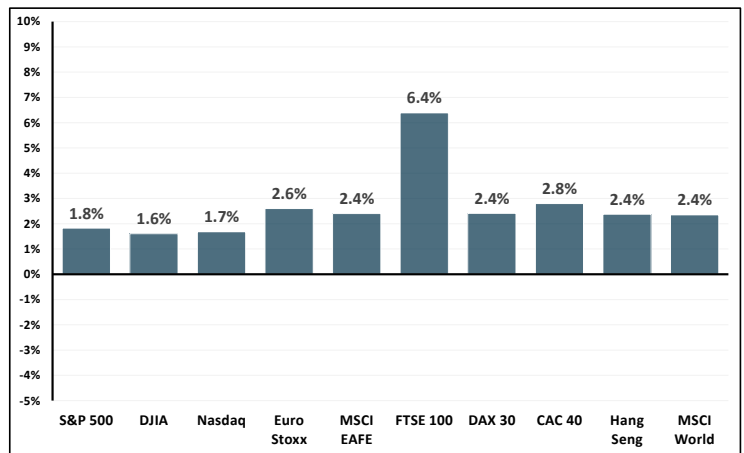


Chart Source: ADSS and Bloomberg as of the closing price on

8-Jan-21

Global Currency Returns (Weekly)

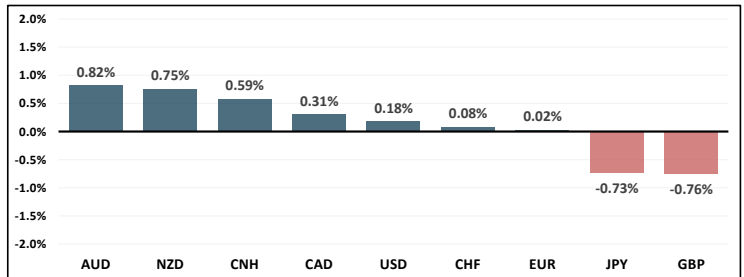


Chart Source: ADSS and Bloomberg as of the closing price on

8-Jan-21

Global Currency Returns YTD 2021

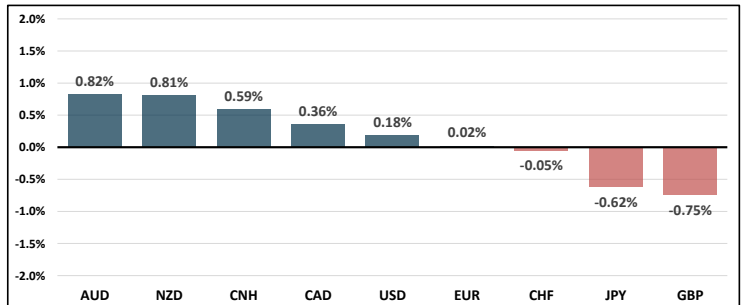
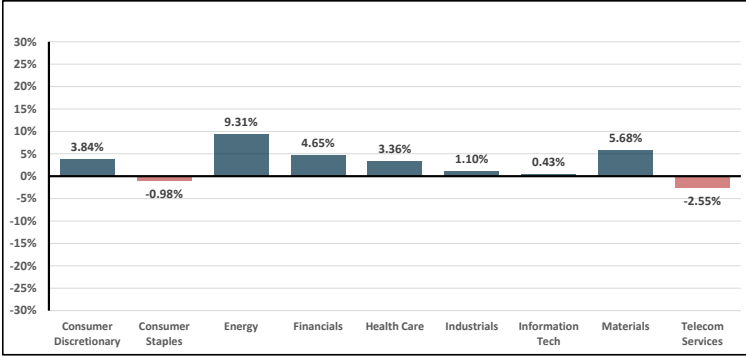


Chart Source: ADSS and Bloomberg as of the closing price on

8-Jan-21

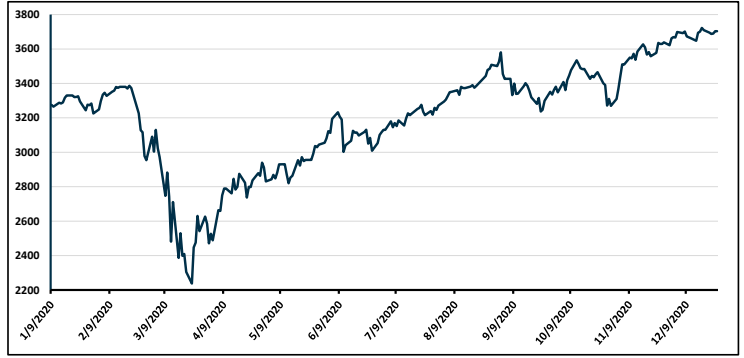
S&P 500 Index Sector Returns

YTD as of 8 Jan 2021



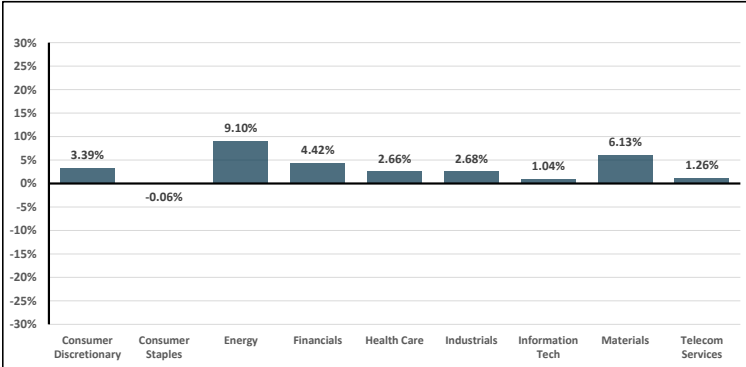
S&P 500 Index Trendline

1 Year Chart



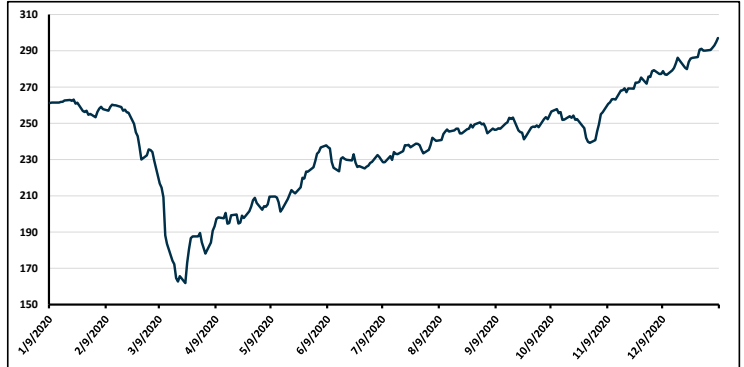
MSCI World Index Sector Returns

YTD as of 8 Jan 2021



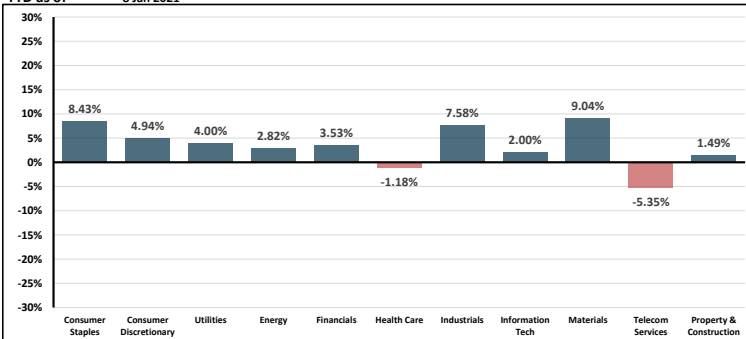
MSCI World Index

1 Year Chart



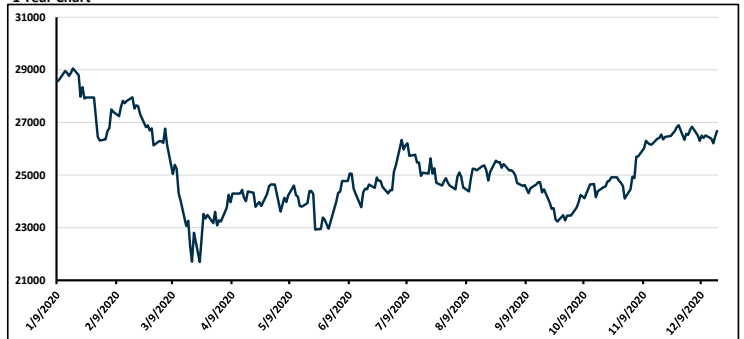
Hang Seng Index Sector Returns

YTD as of 8 Jan 2021



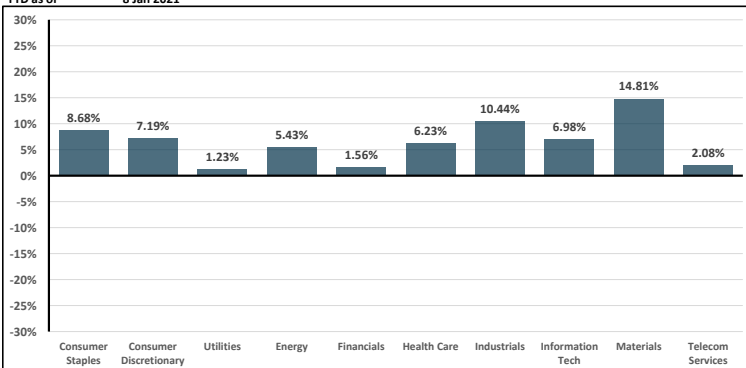
Hang Seng Index

1 Year Chart



CSI 300 Index Sector Returns

YTD as of 8 Jan 2021



CSI 300 Index

1 Year Chart

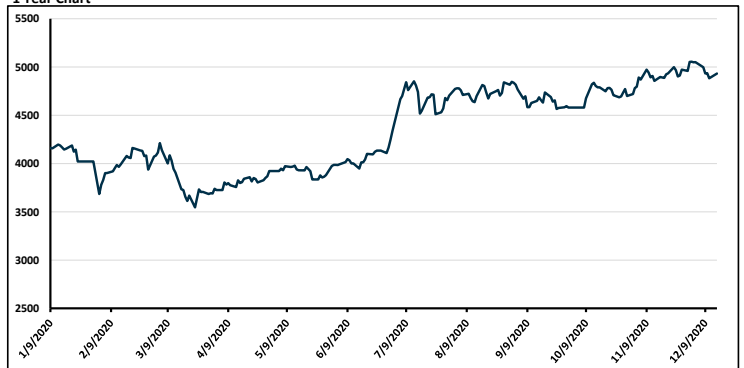


Chart Source: ADSS, Bloomberg

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