

Top things to know for the week ahead

All eyes on ECB on policy for rising yields

Don't expect too much of a change in the European Central Bank's (ECB) monetary policy tools. Officials are unlikely to cut interest rates further since they likely aren't fully confident of its effect in reality. However, tweaks to policy may be made by the ECB should it choose to focus on the government bond rout, which suggests that the Pandemic Emergency Purchase Programme (PEPP) may be front loaded to flatten the yield curve (weekly purchases data published on Monday should provide details on this). However, we don't see action being taken this week due to the general direction of global yields being similar and uncertainty on how long the ECB can keep the yield curve flat. Instead, ECB President Christine Lagarde is more likely to be used to reaffirm the central bank's willingness to act should financial conditions tighten further, specifically emphasising the PEPP's flexibility if needed during her press conference. This may however, put some slight upward pressure on EUR/USD due to speculation that the ECB is likely to adopt some form of policy to deal with the spike in yields.

Some consolidation in EUC/USD is likely to ensue, with signals of overheated selling from multiple indicators including the 20-day Bollinger bands and the 14-day RSI. Note that EUR/USD reached the 61.8% retracement level since the November US presidential elections, which should reinforce profit taking at the current level. We anticipate a move back higher towards 1.9555 level in the short-term as a result. While there may be more downside, we expect that to be limited to the 200-day moving average due to the decline in EUR/USD still looking corrective in nature and instead reach higher back towards 1.2000.

Data Watch

Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	07:50	JPY	Japan BoP Current Account Balance
	14:45	CHF	Switzerland Unemployment Rate
	15:00	EUR	Germany Industrial Production SA MoM
Tue	07:50	JPY	Japan GDP SA QoQ
	07:50	JPY	Japan GDP Annualized SA QoQ
	18:00	EUR	Eurozone GDP SA QoQ
Wed	09:30	CNY	China CPI YoY
	20:00	USD	United States MBA Mortgage Applications
	21:30	USD	United States CPI MoM
	23:00	CAD	Canada Bank of Canada Rate Decision
Thu	07:50	JPY	Japan PPI YoY
	20:45	EUR	Eurozone ECB Main Refinancing Rate
	21:30	EUR	ECB President Lagarde's Post Meeting Press Conf.
	21:30	USD	United States Initial Jobless Claims
Fri	21:30	CAD	Canada Capacity Utilization Rate
	21:30	CAD	Canada Unemployment Rate
	21:30	CAD	Canada Participation Rate
	21:30	CAD	Canada Hourly Wage Rate Permanent Employees YoY
	23:00	USD	United States U. of Mich. Sentiment

OPEC+'s decision for April's output sends oil prices skyrocketing

Expect energy demand to continue to outpace supply in the coming months with the coalition's decision to keep production steady. The impact of vaccines is starting to materialise, with signals ranging from travel and leisure employment recovering in the US, to a faster rebound in China's industrial production following the Lunar New Year holiday compared to previous years. We expect crude oil prices to continue to trend upwards as a result, closer towards US\$70 per barrel before seeing a short consolidation and a move higher after.

Commodities Against DXY (Rebased to 100)

4-week chart

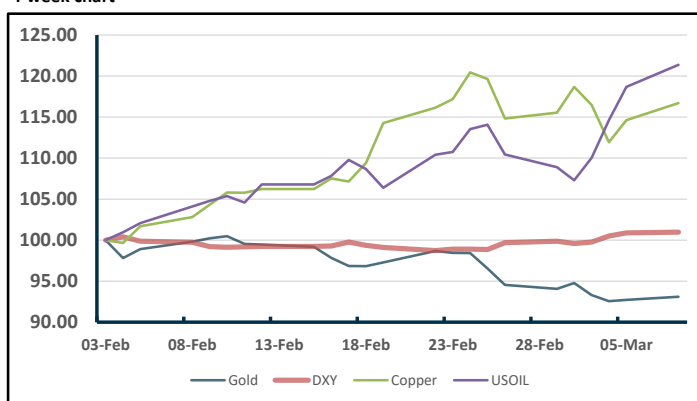


Chart Source: ADSS, Bloomberg

Weekly Market Snapshot

Index Returns					
	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	3,841.94	0.81%	0.81%	2.29%	2.29%
DJ Industrial Average	31,496.30	1.82%	1.82%	2.91%	2.91%
Nasdaq	12,668.51	-1.87%	-1.87%	-1.71%	-1.71%
Euro Stoxx 50	3,669.54	0.91%	0.91%	3.29%	3.29%
MSCI EAFE Small Cap	293.32	-0.99%	-0.99%	1.12%	1.12%
FTSE 100	6,630.52	2.27%	2.27%	2.63%	2.63%
DAX	13,920.69	0.97%	0.97%	1.47%	1.47%
CAC 40	5,782.65	1.39%	1.39%	4.17%	4.17%
Hang Seng	29,098.29	0.41%	0.41%	6.86%	6.86%
MSCI World	2,728.56	0.06%	0.06%	1.43%	1.43%
ASX 200	6,710.85	0.56%	0.56%	1.88%	1.88%
NIKKEI	28,864.32	-0.35%	-0.35%	5.17%	5.17%
CSI 300	5,280.21	-1.27%	-1.27%	1.72%	1.72%
China A50	18,000.44	-1.94%	-1.94%	2.06%	2.06%
TWSE	16,211.73	1.62%	-0.62%	7.62%	7.62%
Fixed Income					
Barclays Aggregate	538.75	-1.01%	-1.01%	-3.58%	-3.58%
Barclays Euro Aggregate	270.07	0.08%	0.08%	-1.92%	-1.92%
Barclays US High Yield	2,350.68	-0.16%	-0.16%	0.54%	0.54%
Barclays Euro High Yield	426.80	0.16%	0.16%	1.57%	1.57%
Barclays TIPS	125.25	-0.46%	-0.46%	-1.88%	-1.88%
JPM EMBI Global Divers	951.37	-0.82%	-0.82%	-4.40%	-4.40%
Other					
DJ US Real Estate	336.70	-1.20%	-1.20%	0.54%	0.54%
S&P GSCI	491.43	3.03%	3.03%	20.02%	20.02%
US Dollar Index	91.98	1.21%	1.21%	2.27%	2.27%
VIX	24.66	-11.77%	-11.77%	8.40%	8.40%

Commodities					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
Prices					
WTI Oil (\$/barrel)	66.09	61.50	52.20	48.52	45.41
Brent Oil (\$/barrel)	69.36	66.13	55.88	51.80	53.80
Gold (\$/oz)	1,700.64	1,734.04	1,847.65	1,898.36	1,282.49
Silver (\$/oz)	25.25	26.67	26.99	26.40	15.50
Copper	4.09	4.09	3.56	3.52	2.63
Corn	5.62	5.56	5.47	4.84	3.75
Coffee	1.29	1.37	1.23	1.28	1.02
Natural Gas	2.70	2.77	2.56	2.54	2.94

Currencies					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
Prices					
EURUSD	1.1915	1.2075	1.2136	1.2216	1.1467
GBPUSD	1.3841	1.3933	1.3708	1.3670	1.2754
USDJPY	108.31	106.57	104.68	103.25	109.69
USDCHF	0.9292	0.9085	0.8903	0.8852	0.9821
USDCAD	1.2659	1.2738	1.2777	1.2725	1.3637
AUDUSD	0.7686	0.7706	0.7644	0.7694	0.7049
NZDUSD	0.7167	0.7233	0.7193	0.7184	0.6719
USDCNH	6.5163	6.4807	6.4522	6.5028	6.8706

Crypto Currencies					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
Prices					
BTC/USD	49,053.13	45,672.05	34,641.1	28,996.3	3,674.18
XRP/USD	0.4604	0.4235	0.2898	0.2249	0.3458
LTC/USD	180.32	167.56	136.16	124.11	29.51
DSH/USD	207.46	205.67	104.36	99.30	79.95

Rates & Spreads					
	Latest Rate	28/2/21	31/1/21	31/12/20	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	0.19%	0.19%	0.20%	0.24%	2.81%
US Treasuries 2 Year	0.14%	0.13%	0.11%	0.12%	2.49%
US Treasuries 10 Year	1.57%	1.40%	1.07%	0.91%	2.68%
German Bunds 2 Year	-0.70%	-0.67%	-0.74%	-0.72%	-0.62%
German Bunds 10 Year	-0.30%	-0.26%	-0.52%	-0.57%	0.24%
Japan Gov't Bonds 10 Year	0.09%	0.16%	0.05%	0.02%	-0.01%
UK Gilts 10 Year	0.76%	0.82%	0.33%	0.20%	1.28%
Swiss Gov't Bonds 10 Year	-0.28%	-0.23%	-0.45%	-0.58%	-0.28%

Global Equity Returns YTD 2021

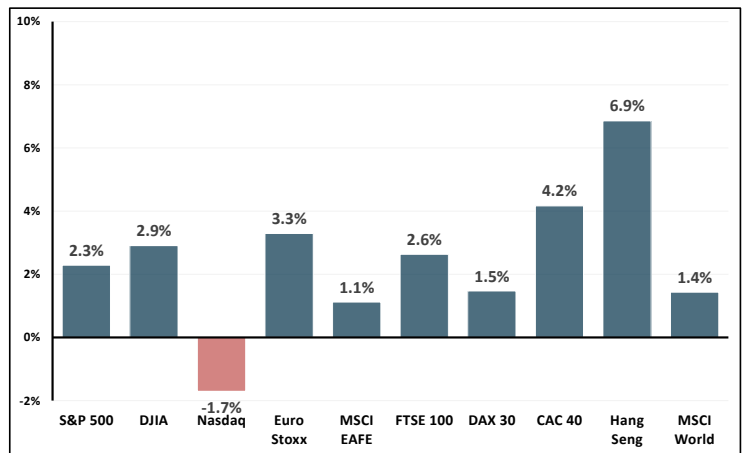


Chart Source: ADSS and Bloomberg as of the closing price on 5-Mar-21

Global Currency Returns (Weekly)

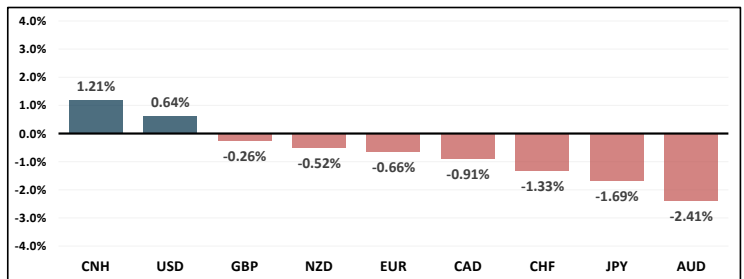


Chart Source: ADSS and Bloomberg as of the closing price on 5-Mar-21

Global Currency Returns YTD 2021

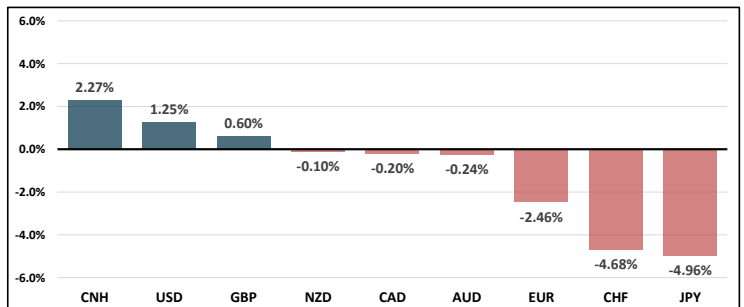
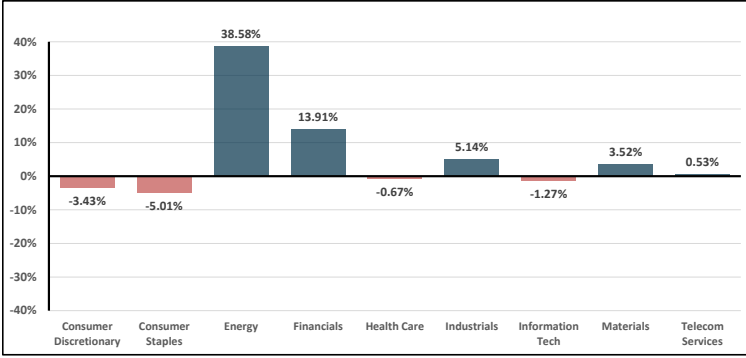


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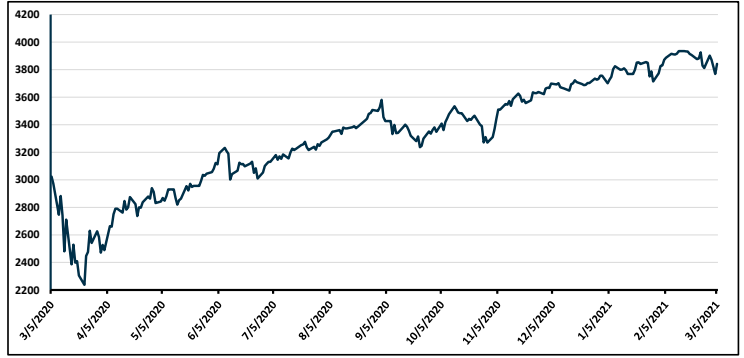
S&P 500 Index Sector Returns

YTD as of 5 Mar 2021



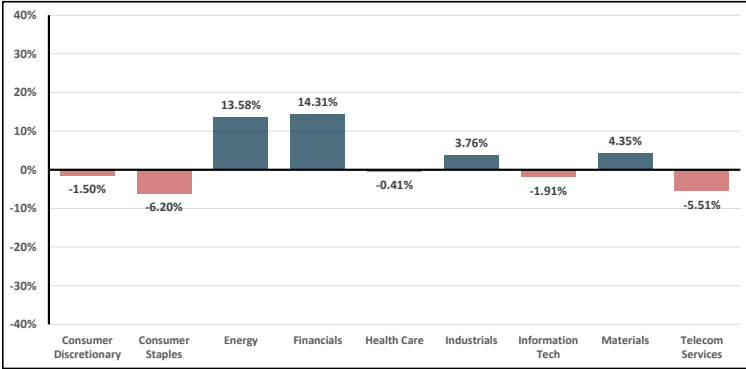
S&P 500 Index Trendline

1 Year Chart



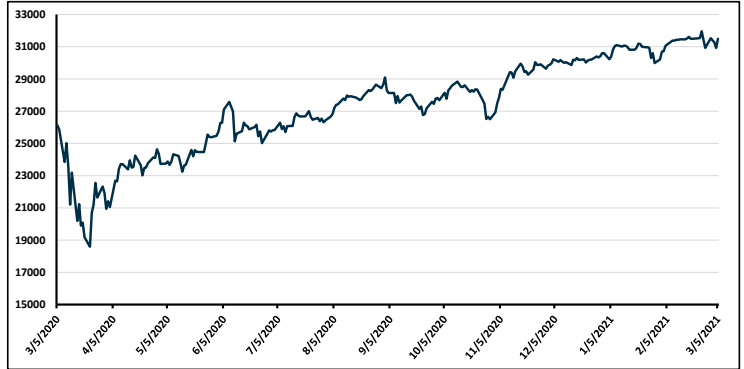
Dow Jones Industrial Average Index Sector Returns

YTD as of 5 Mar 2021



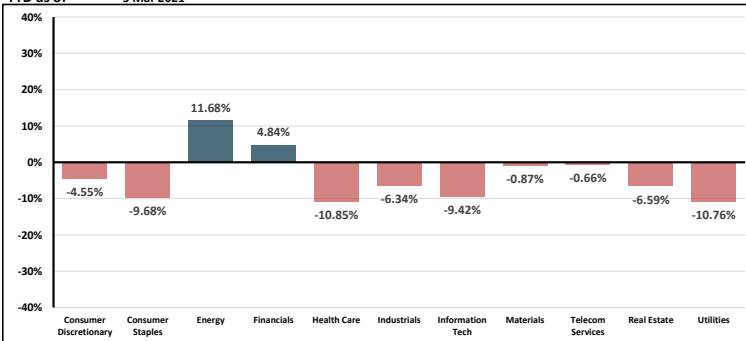
Dow Jones Industrial Average Index

1 Year Chart



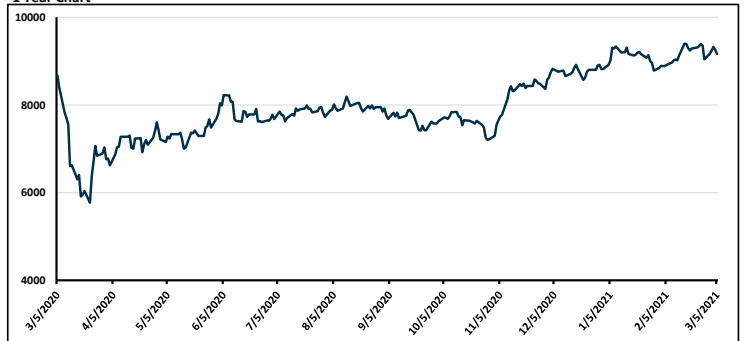
FTSE100 Index Sector Returns

YTD as of 5 Mar 2021



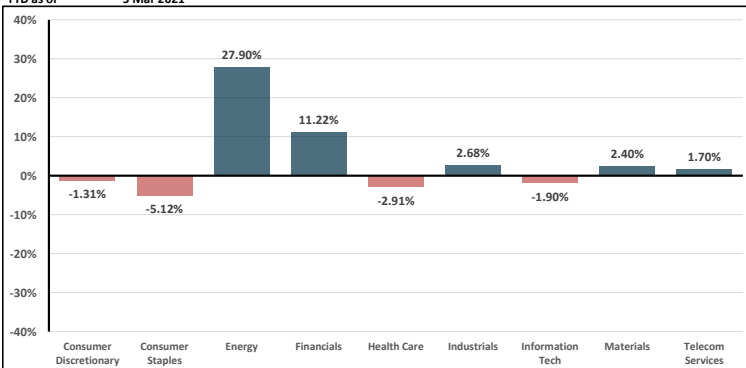
FTSE 100 Index

1 Year Chart



MSCI World Index Sector Returns

YTD as of 5 Mar 2021



MSCI World Index

1 Year Chart

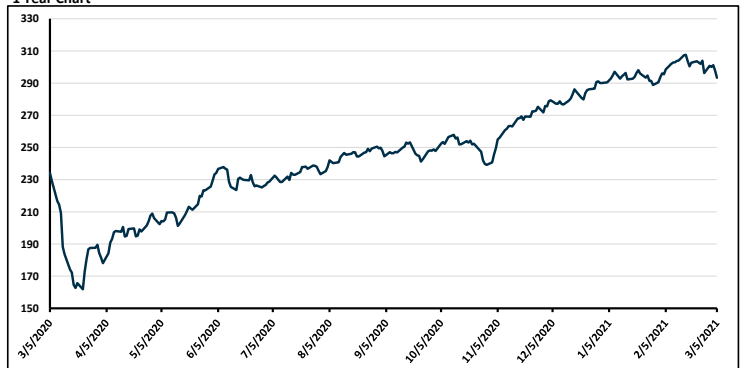


Chart Source: ADSS, Bloomberg

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