

## Top things to know for the week ahead

### Equity markets likely to continue to focus on yields this week

Volatility in equity markets looks likely to maintain at current levels as we move into another Treasury auction week. 10-year yields show no sign of slowing and equity markets appear to be pricing in close to 2% in 10-year yields (according to fair value estimates). The question is whether the bond market rout is nearing its end or if it is just mid-way. If it is nearing its end, we could see a slowdown in the value rally, at least in the short-term as markets reprice borrowing costs lower. This also means that it could present a buying opportunity assuming longer-term fundamentals and valuation convergence holds. Small caps will probably also face a similar outlook in the short-term, due to the fast runup in shares of smaller sized firms that puts both the Russell 2000 and S&P600 trading at a smaller discount relative to the S&P500 (RTY/S&P500 P/B: 0.68, SML/S&P500 P/B: 0.56) compared to levels just before the pandemic (RTY/S&P500: P/B: 0.60, SML/S&P500: 0.50), and as inflation pressures may be expected to weigh more heavily on smaller companies. As a result, we reiterate our long-term outlook for cyclical and reopening sensitive shares to outperform the S&P500, as well as a sector or bottom-up approach to small caps (as it may offer better risk-to-reward relative to a broad small cap index). We do also add our preference to being cautious of large caps gaining traction this week as markets may ease the selloff in growth given that the Fed has clearly given the green light for inflation to run hot for an extended period. The S&P500 may see some upside this week as a result, possibly to a top end of 4000, i.e., an upside potential of around 2.5%.

### Downside in US oil futures last week likely to be limited

WTI crude active contracts has been hovering at oversold levels for most of February and at elevated levels for most of March, suggesting that last week may be more of a technical correction. We also note that downside for demand remains limited, and that US crude oil output is likely to remain under pressure due to tepid refining demand. There may be some added but limited downside in oil prices as a result, closer towards 59.00, although a rebound in the short-to-medium term to an upper limit at around 64.60 is likely.

### Commodities Against DXY (Rebased to 100)

4-week chart

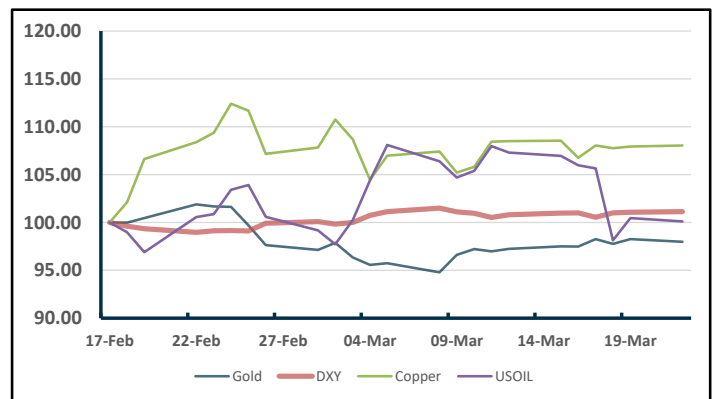


Chart Source: ADSS, Bloomberg

## Data Watch

Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	09:30	CNY	China 1-Year Loan Prime Rate
	09:30	CNY	China 5-Year Loan Prime Rate
Tue	15:00	GBP	United Kingdom Claimant Count Rate
	15:00	GBP	United Kingdom Jobless Claims Change
	15:00	GBP	United Kingdom ILO Unemployment Rate 3Mths
	22:00	USD	United States New Home Sales
Wed	15:00	GBP	United Kingdom CPI MoM
	15:00	GBP	United Kingdom CPI YoY
	15:00	GBP	United Kingdom CPI Core YoY
	19:00	USD	United States MBA Mortgage Applications
	20:30	USD	United States Durable Goods Orders
Thu	01:35	USD	United States Fed's Williams Takes Part in Moderated Discussion
	16:30	CHF	Switzerland SNB Policy Rate
	16:30	CHF	Switzerland SNB Sight Deposit Interest Rate
	20:30	USD	United States Initial Jobless Claims
	20:30	USD	United States GDP Annualized QoQ
Fri	07:30	JPY	Japan Tokyo CPI Ex-Fresh Food YoY
	17:00	EUR	Germany IFO Business Climate
	22:00	USD	United States U. of Mich. Sentiment

Weekly Market Snapshot

Index Returns					
	Latest Price	1 week	MTD	QTD	YTD
<b>Equities</b>					
S&P 500	3,913.10	-0.77%	2.68%	4.18%	4.18%
DJ Industrial Average	32,627.97	-0.46%	5.48%	6.60%	6.60%
Nasdaq	12,866.99	-0.54%	-0.33%	-0.17%	-0.17%
Euro Stoxx 50	3,837.02	0.10%	5.52%	8.00%	8.00%
MSCI EAFE Small Cap	306.80	1.15%	3.56%	5.77%	5.77%
FTSE 100	6,708.71	-0.78%	3.47%	3.84%	3.84%
DAX	14,621.00	0.82%	6.05%	6.58%	6.58%
CAC 40	5,997.96	-0.80%	5.17%	8.04%	8.04%
Hang Seng	28,990.94	0.87%	0.04%	6.46%	6.46%
MSCI World	2,796.14	-0.39%	2.54%	3.94%	3.94%
ASX 200	6,708.22	-0.87%	0.52%	1.84%	1.84%
NIKKEI	29,792.05	0.25%	2.85%	8.56%	8.56%
CSI 300	5,006.24	-2.58%	-6.40%	-3.55%	-3.55%
China A50	17,144.96	-2.93%	-6.60%	-2.79%	-2.79%
TWSE	16,215.82	-0.24%	0.73%	9.08%	9.08%
<b>Fixed Income</b>					
Barclays Aggregate	536.54	-0.22%	-1.42%	-3.97%	-3.97%
Barclays Euro Aggregate	270.02	-0.15%	0.06%	-1.94%	-1.94%
Barclays US High Yield	2,336.80	-0.53%	-0.75%	-0.05%	-0.05%
Barclays Euro High Yield	427.56	-0.11%	0.34%	1.76%	1.76%
Barclays TIPS	124.90	-0.10%	-0.74%	-2.15%	-2.15%
JPM EMBI Global Divers	953.65	0.28%	-0.58%	-4.17%	-4.17%
<b>Other</b>					
DJ US Real Estate	355.30	0.34%	4.25%	6.09%	6.09%
S&P GSCI	475.10	-3.48%	-0.40%	16.03%	16.03%
US Dollar Index	91.92	0.26%	1.14%	2.20%	2.20%
VIX	20.95	1.26%	-25.04%	-7.91%	-7.91%

Commodities					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
<b>Prices</b>					
WTI Oil (\$/barrel)	61.42	61.50	52.20	48.52	45.41
Brent Oil (\$/barrel)	64.53	66.13	55.88	51.80	53.80
Gold (\$/oz)	1,745.23	1,734.04	1,847.65	1,898.36	1,282.49
Silver (\$/oz)	26.25	26.67	26.99	26.40	15.50
Copper	4.12	4.09	3.56	3.52	2.63
Corn	5.58	5.56	5.47	4.84	3.75
Coffee	1.25	1.37	1.23	1.28	1.02
Natural Gas	2.54	2.77	2.56	2.54	2.94

Currencies					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
<b>Prices</b>					
EURUSD	1.1904	1.2075	1.2136	1.2216	1.1467
GBPUSD	1.3872	1.3933	1.3708	1.3670	1.2754
USDJPY	108.88	106.57	104.68	103.25	109.69
USDCHF	0.9288	0.9085	0.8903	0.8852	0.9821
USDCAD	1.2500	1.2738	1.2777	1.2725	1.3637
AUDUSD	0.7742	0.7706	0.7644	0.7694	0.7049
NZDUSD	0.7165	0.7233	0.7193	0.7184	0.6719
USDCNH	6.5079	6.4807	6.4522	6.5028	6.8706

Crypto Currencies					
	Latest Price	28/2/21	31/1/21	31/12/20	31/12/18
<b>Prices</b>					
BTC/USD	58,410.00	45,672.05	34,641.1	28,996.3	3,674.18
XRP/USD	0.4688	0.4235	0.2898	0.2249	0.3458
LTC/USD	201.16	167.56	136.16	124.11	29.51
DSH/USD	227.23	205.67	104.36	99.30	79.95

Rates & Spreads					
	Latest Rate	28/2/21	31/1/21	31/12/20	31/12/18
<b>Rates</b>					
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	0.20%	0.19%	0.20%	0.24%	2.81%
US Treasuries 2 Year	0.15%	0.13%	0.11%	0.12%	2.49%
US Treasuries 10 Year	1.72%	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	0.11%	0.16%	0.05%	0.02%	-0.01%
UK Gilts 10 Year	0.84%	0.82%	0.33%	0.20%	1.28%
Swiss Gov't Bonds 10 Year	-0.26%	-0.23%	-0.45%	-0.58%	-0.28%

Global Equity Returns YTD 2021

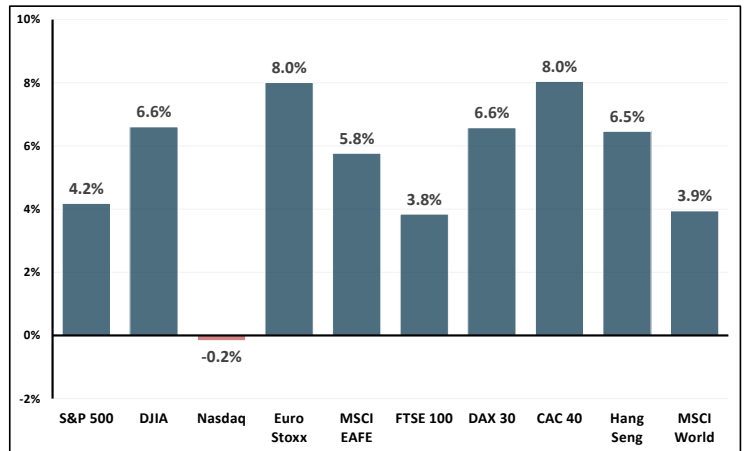


Chart Source: ADSS and Bloomberg as of the closing price on 19-Mar-21

Global Currency Returns (Weekly)

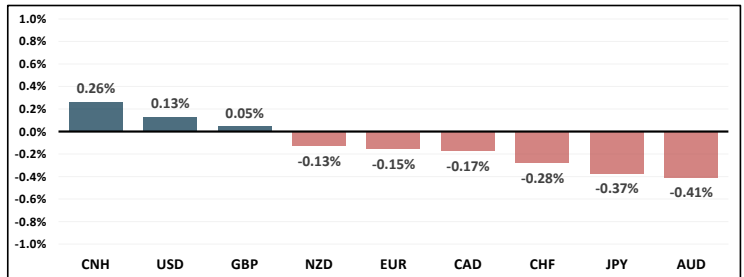


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Global Currency Returns YTD 2021

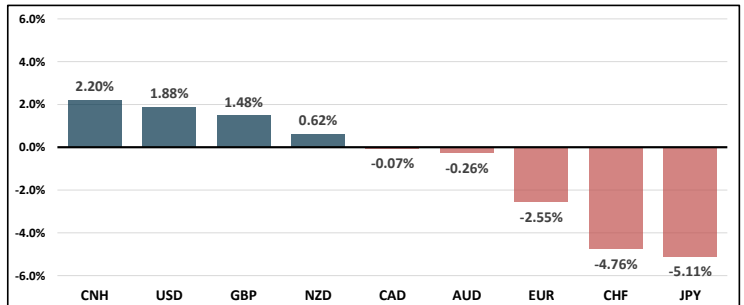
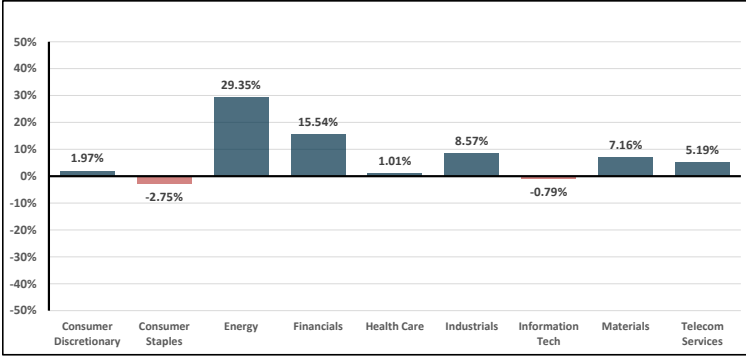


Chart Source: ADSS and Bloomberg as of the closing price on 19-Mar-21

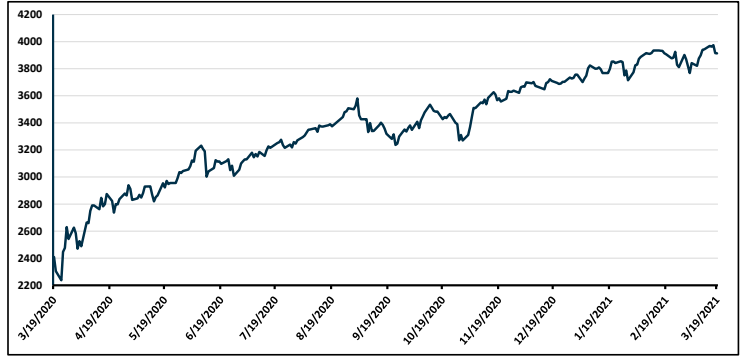
**S&P 500 Index Sector Returns**

YTD as of 19 Mar 2021



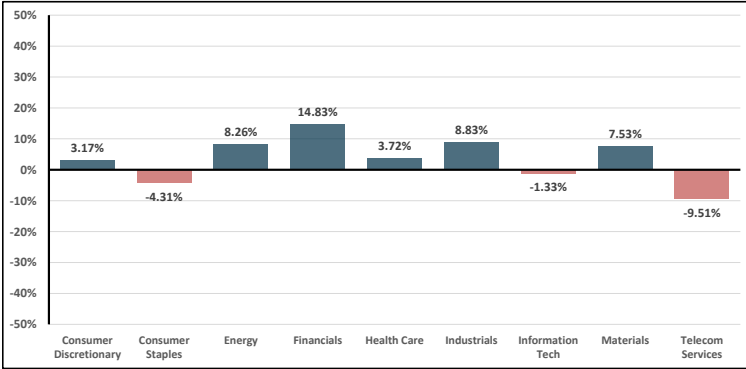
**S&P 500 Index Trendline**

1 Year Chart



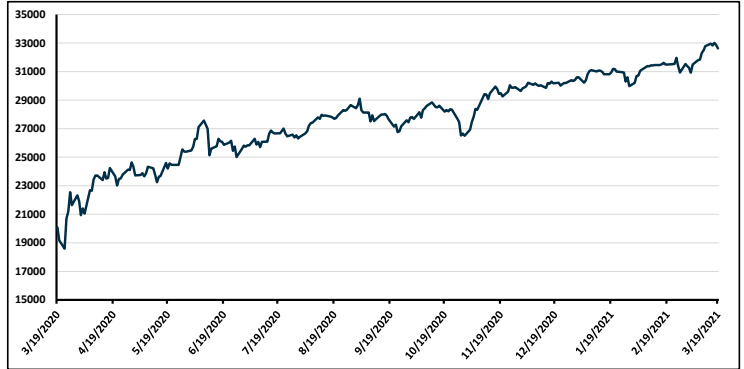
**Dow Jones Industrial Average Index Sector Returns**

YTD as of 19 Mar 2021



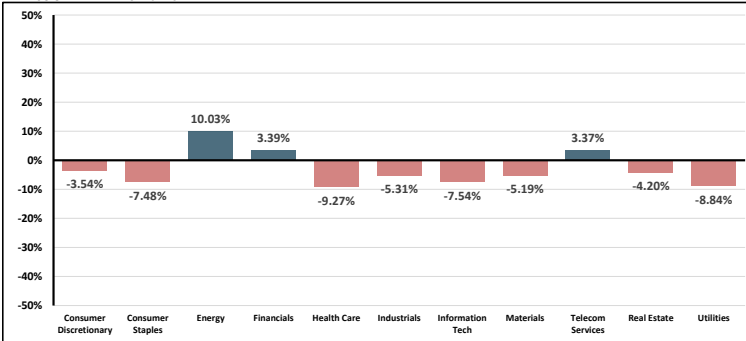
**Dow Jones Industrial Average Index**

1 Year Chart



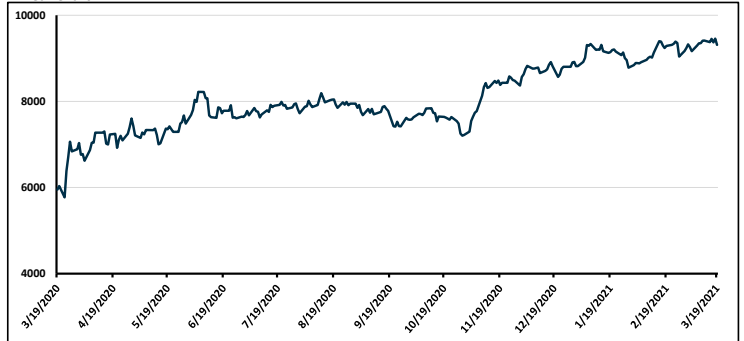
**FTSE100 Index Sector Returns**

YTD as of 19 Mar 2021



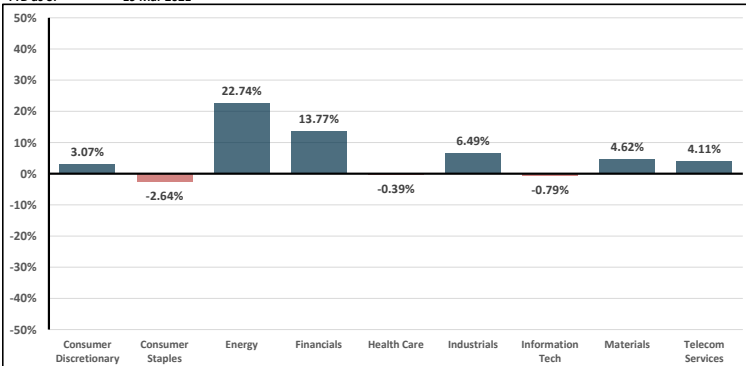
**FTSE 100 Index**

1 Year Chart



**MSCI World Index Sector Returns**

YTD as of 19 Mar 2021



**MSCI World Index**

1 Year Chart

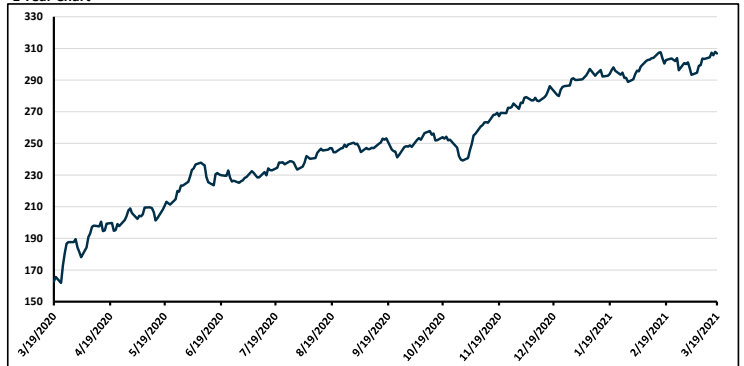


Chart Source: ADSS, Bloomberg

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