

## Top things to know for the week ahead

**Small caps see greatest risk on Fed's shift; expect downside in DXY before a move higher**

**Upgrades in the Fed's dot plot and economic forecasts sparked a rotation back towards growth and a surge in the greenback at the end of last week.** While Fed Chair Jerome Powell downplayed the shift in tone in the dot plot and the central bank's forecasts, markets were likely unconvinced and instead started to price in the economic recovery peaking on the assumption that inflationary pressure may not last with the central bank signalling an impending policy tightening cycle. In terms of equities, this will likely impact small caps the most given the assumption of a peaking economic cycle and tapering of the Fed's balance sheet. While we note that the previous 2013 taper tantrum was under different economic conditions, we expect a similar scenario in which the smaller cap indices similarly peaked and started to drop off in terms of relative performance against the S&P500 as the Fed started to taper its balance sheet before rebounding after the central bank started to raise interest rates.

**For the dollar, we expect upside to continue though at a slower pace this week with short positions likely being shaken off last week.** We do note that technical indicators are most likely stretched in the case of DXY, which suggests a downside correction in the near-term before bulls can resume its upward momentum in the short-term. This would suggest that we may see a retest of a support level at 91.69 this week on the back of profit taking from long positions.

**Gold retests April's support after the Fed's hawkish surprise**

**Expect traders to be closely watching speeches from Fed officials this week for a confirmation of a downside reversal.** The change in the Fed's tone and expectations for short-term upside in the dollar suggests that the path of least resistance for the gold is down. While inflationary pressures tend to usually be a concern that boosts demand for gold, markets do not expect it to last past this year. As a result, we expect gold to similarly see some corrective upward movement before trending lower later this week towards a support at 1,746.

## Commodities Against DXY (Rebased to 100)

4-week chart

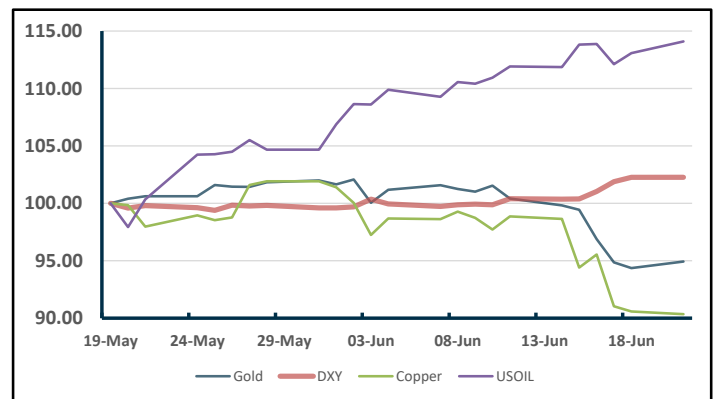


Chart Source: ADSS, Bloomberg

## 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
	09:30	AUD	Australia Retail Sales MoM
Wed	08:30	JPY	Japan Jibun Bank Japan PMI Mfg
	15:30	EUR	Germany Markit/BME Germany Manufacturing PMI
	16:00	EUR	Eurozone Markit Eurozone Manufacturing PMI
	16:30	GBP	United Kingdom Markit UK PMI Manufacturing SA
	19:00	USD	United States MBA Mortgage Applications
	21:45	USD	United States Markit US Manufacturing PMI
	22:00	USD	United States New Home Sales
Thu	16:00	EUR	Germany IFO Business Climate
	19:00	GBP	United Kingdom Bank of England Bank Rate
	19:00	GBP	United Kingdom BOE Corporate Bond Target
	20:30	USD	United States Durable Goods Orders
	20:30	USD	United States GDP Annualized QoQ
	20:30	USD	United States Initial Jobless Claims
	23:00	USD	United States Fed's Williams Takes Part in Moderated Discussion
Fri	07:30	JPY	Japan Tokyo CPI Ex-Fresh Food YoY
	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	4,166.45	-1.91%	-0.90%	4.87%	10.93%
DJ Industrial Average	33,290.08	-3.45%	-3.59%	0.94%	8.77%
Nasdaq	14,049.58	0.37%	2.65%	7.32%	9.01%
Euro Stoxx 50	4,083.37	-1.05%	1.09%	4.19%	14.94%
MSCI EAFE Small Cap	311.48	-3.18%	-2.22%	3.23%	7.38%
FTSE 100	7,017.47	-1.63%	-0.07%	4.53%	8.62%
DAX	15,448.04	-1.56%	0.17%	2.93%	12.61%
CAC 40	6,569.16	-0.48%	1.89%	8.27%	18.33%
Hang Seng	28,801.27	-0.14%	-1.20%	1.49%	5.77%
MSCI World	2,954.19	-1.94%	-0.72%	5.07%	9.82%
ASX 200	7,368.85	0.77%	2.89%	8.51%	11.87%
NIKKEI	28,964.08	0.05%	0.36%	-0.74%	5.54%
CSI 300	5,105.94	-2.26%	-4.28%	1.00%	-1.63%
China A50	17,254.76	-3.52%	-5.36%	-0.21%	-2.17%
TWSE	17,307.86	0.55%	1.47%	5.40%	17.55%
<b>Fixed Income</b>					
Barclays Aggregate	541.06	-0.99%	-0.84%	1.36%	-3.16%
Barclays Euro Aggregate	268.98	-0.26%	0.36%	-0.43%	-2.32%
Barclays US High Yield	2,407.36	-0.07%	0.70%	2.10%	2.96%
Barclays Euro High Yield	435.05	-0.11%	0.59%	1.36%	3.54%
Barclays TIPS	127.18	-0.38%	-0.46%	1.34%	-0.37%
JPM EMBI Global Divers	990.24	-0.36%	0.91%	4.24%	-0.49%
<b>Other</b>					
DJ US Real Estate	401.80	-1.69%	2.97%	12.27%	19.98%
S&P GSCI	520.03	-2.25%	0.15%	11.26%	27.00%
US Dollar Index	92.23	1.84%	2.67%	-1.08%	2.54%
VIX	20.70	32.27%	23.51%	6.70%	-9.01%

Commodities					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
<b>Prices</b>					
WTI Oil (\$/barrel)	71.64	66.32	63.58	59.16	48.52
Brent Oil (\$/barrel)	73.51	69.32	67.25	63.54	51.80
Gold (\$/oz)	1,764.16	1,906.87	1,769.13	1,707.71	1,898.36
Silver (\$/oz)	25.79	28.03	25.92	24.42	26.40
Copper	4.16	4.68	4.48	4.00	3.52
Corn	6.55	6.57	7.40	5.64	4.84
Coffee	1.50	1.62	1.40	1.24	1.28
Natural Gas	3.22	2.99	2.93	2.61	2.54

Currencies					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
<b>Prices</b>					
EURUSD	1.1864	1.2227	1.2020	1.1730	1.2216
GBPUSD	1.3810	1.4212	1.3822	1.3783	1.3670
USDJPY	110.21	109.58	109.31	110.72	103.25
USDCNH	0.9216	0.8989	0.9131	0.9436	0.8852
USDCAD	1.2465	1.2064	1.2287	1.2562	1.2725
AUDUSD	0.7479	0.7734	0.7716	0.7598	0.7694
NZDUSD	0.6936	0.7270	0.7162	0.6985	0.7184
USDCNH	6.4616	6.3728	6.4735	6.5647	6.5028

Crypto Currencies					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
<b>Prices</b>					
BTC/USD	35,517.31	36,690.89	56,814.4	58,960.2	28,996.3
XRP/USD	0.7867	0.9928	1.5763	0.5646	0.2249
LTC/USD	154.36	182.27	266.51	195.69	124.11
DSH/USD	153.21	189.58	317.44	217.17	99.30

Rates & Spreads					
	Latest Rate	31/5/21	30/4/21	31/3/21	31/12/20
<b>Rates</b>					
Fed Funds Target	0.25%	0.25%	0.25%	0.25%	0.25%
ECB Depo Rate	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
3 Month US Dollar Libor	0.13%	0.13%	0.18%	0.19%	0.24%
US Treasuries 2 Year	0.25%	0.14%	0.16%	0.16%	0.12%
US Treasuries 10 Year	1.44%	1.59%	1.63%	1.74%	0.91%
German Bunds 2 Year	-0.67%	-0.67%	-0.69%	-0.70%	-0.72%
German Bunds 10 Year	-0.20%	-0.19%	-0.20%	-0.29%	-0.57%
Japan Gov't Bonds 10 Year	0.05%	0.08%	0.09%	0.09%	0.02%
UK Gilts 10 Year	0.75%	0.80%	0.84%	0.85%	0.20%
Swiss Gov't Bonds 10 Year	-0.24%	-0.20%	-0.22%	-0.30%	-0.58%

Global Equity Returns YTD 2021

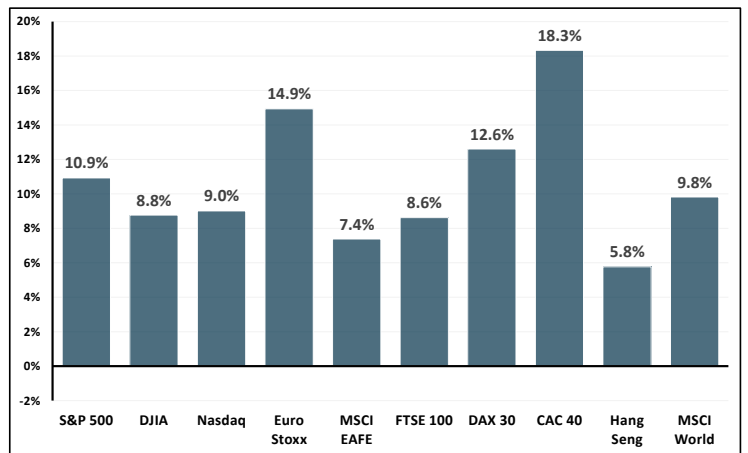


Chart Source: ADSS and Bloomberg as of the closing price on 18-Jun-21

Global Currency Returns (Weekly)

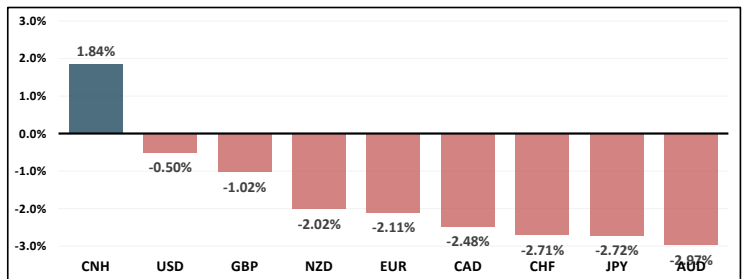


Chart Source: ADSS and Bloomberg as of the closing price on 18-Jun-21

Global Currency Returns YTD 2021

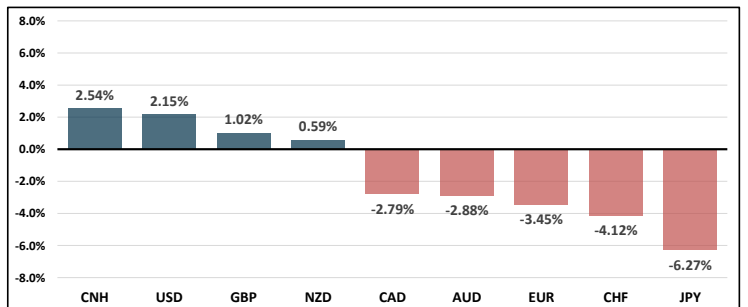
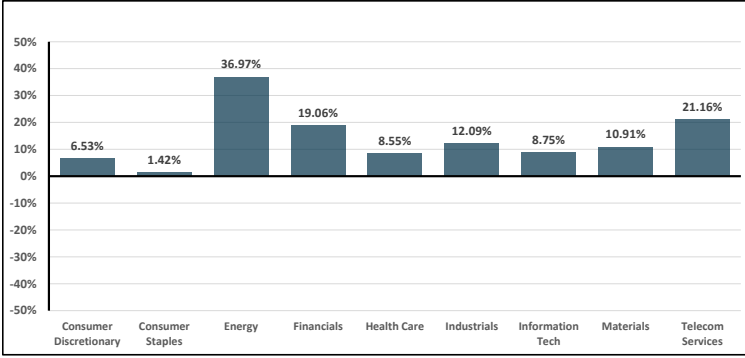


Chart Source: ADSS and Bloomberg as of the closing price on 18-Jun-21

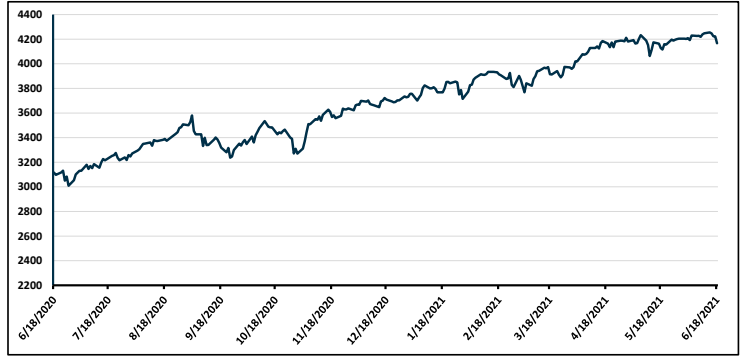
**S&P 500 Index Sector Returns**

YTD as of 18 Jun 2021



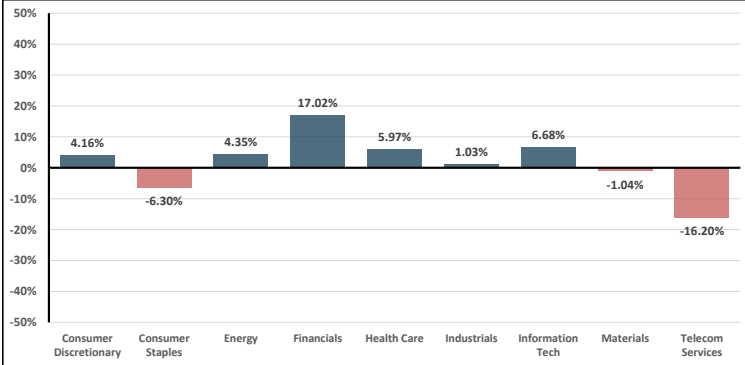
**S&P 500 Index Trendline**

1 Year Chart



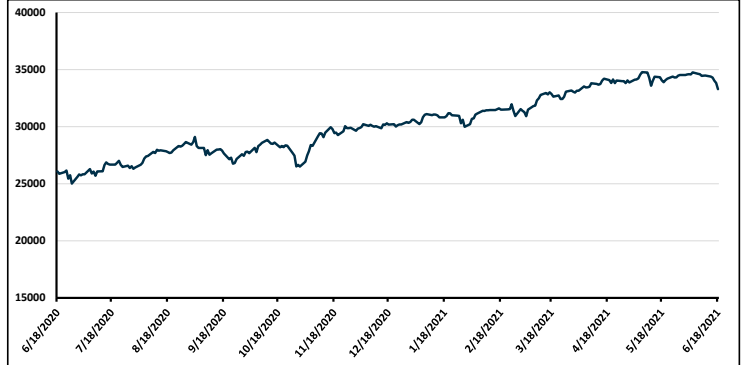
**Dow Jones Industrial Average Index Sector Returns**

YTD as of 18 Jun 2021



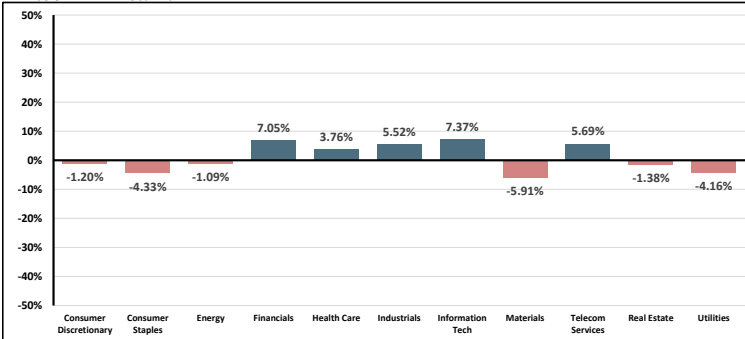
**Dow Jones Industrial Average Index**

1 Year Chart



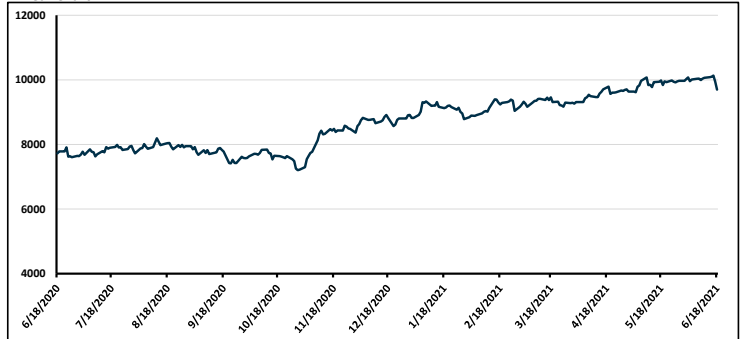
**FTSE100 Index Sector Returns**

YTD as of 18 Jun 2021



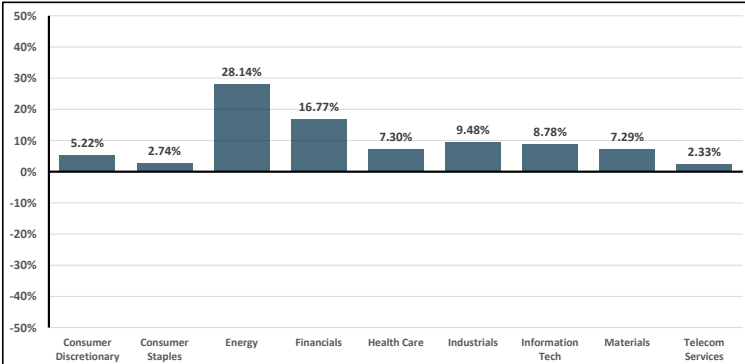
**FTSE 100 Index**

1 Year Chart



**MSCI World Index Sector Returns**

YTD as of 18 Jun 2021



**MSCI World Index**

1 Year Chart

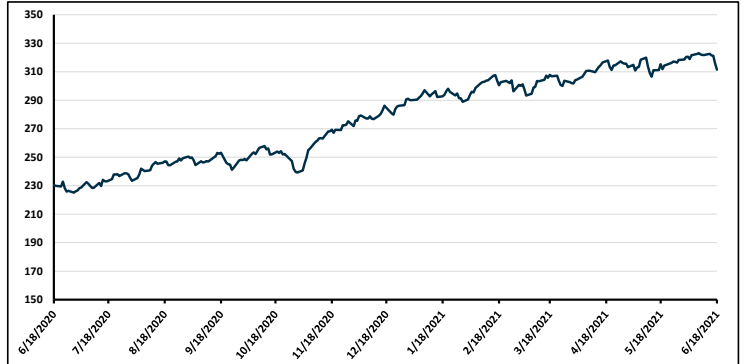


Chart Source: ADSS, Bloomberg

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