

Top things to know for the week ahead

Value likely still has legs; focus on labour force participation

Focus of the week in the US will likely be on the US' jobs report and ISM's manufacturing PMI for June. That said, we don't expect much deviation from May's report and so does the market. Manufacturing PMI figures are likely to continue to point towards supply chain and labour difficulties while the sector expands albeit at a slower rate. Expect markets to be focused on the details of May's jobs report, especially on improvements in services sector hiring and increased labour participation rates (continuing claims fell more in the survey period for June relative to previous months). This should help to build on expectations for a robust domestic economic recovery. In contrast, the unemployment rate will likely lag due to workers returning to the labour force amid expiring pandemic unemployment benefits.

Value stocks dipped in the wake of the Fed's hawkish tone but we continue to expect valuations and momentum to help value strategies to outperform in the short-to-medium-term. Despite declining for the latter part of Q2 2021, valuations among large caps remain at historically wide levels. Forward P/E ratios for the cheapest 200 stocks in the Russell 1000 relative to that of the 200 most expensive stocks are still at pre-pandemic lows even after recovering through November. A potential headwind for value strategies however, maybe in a breakdown in market inflation expectations which could add to selling pressure in value in favour of growth. In terms of the S&P500, we don't see a strong argument for downward pressure in the short-term and expect the current rally to extend as per our previous expectations, albeit at a slower pace.

Data Watch

Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Tue	07:30	JPY	Japan Jobless Rate
	22:00	USD	United States Conf. Board Consumer Confidence
Wed	07:50	JPY	Japan Industrial Production MoM
	09:00	CNY	China Manufacturing PMI
	14:00	GBP	United Kingdom GDP QoQ
	15:55	EUR	Germany Unemployment Claims Rate SA
	19:00	USD	United States MBA Mortgage Applications
Thu	:	USOIL	OPEC+ Monthly JMMC Meeting
	08:30	JPY	Japan Jibun Bank Japan PMI Mfg
	09:45	CNY	China Caixin China PMI Mfg
	15:55	EUR	Germany Markit/BME Germany Manufacturing PMI
	16:30	GBP	United Kingdom Markit UK PMI Manufacturing SA
	20:30	USD	United States Initial Jobless Claims
	22:00	USD	United States ISM Manufacturing
Fri	20:30	USD	United States Change in Nonfarm Payrolls
	20:30	USD	United States Unemployment Rate
	20:30	USD	United States Labor Force Participation Rate
	21:30	CAD	Canada Markit Canada Manufacturing PMI
	22:00	USD	United States Durable Goods Orders

Expect volatility in oil ahead of OPEC+'s meeting this week

Headwinds for oil prices may materialise in the form of a higher-than-expected increase to production (>550,000 barrels a day) as a result. Another key risk would be the delta variant of the SARS-CoV-2 virus, which sparked tighter restrictions in parts of Australia last Friday. That said, our long-term expectations for crude oil remains tilted towards the upside despite possible short-term downward pressure, due mainly to the reduction in investments in the industry that may result in supply deficits in the longer-term.

Commodities Against DXY (Rebased to 100)

4-week chart

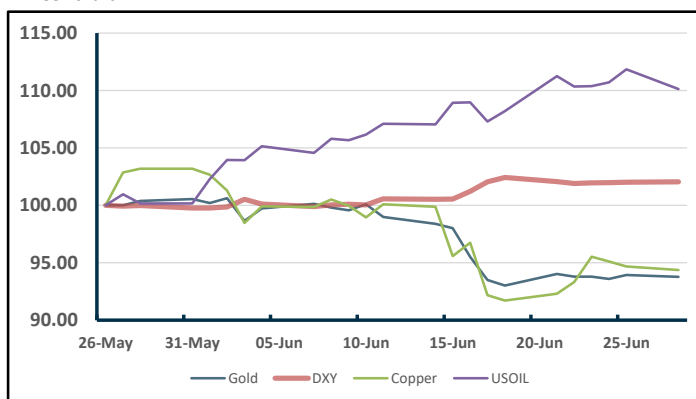


Chart Source: ADSS, Bloomberg

Weekly Market Snapshot

Index Returns					
	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	4,280.70	2.74%	1.82%	7.75%	13.97%
DJ Industrial Average	34,433.84	3.44%	-0.28%	4.40%	12.51%
Nasdaq	14,345.18	2.10%	4.81%	9.58%	11.30%
Euro Stoxx 50	4,120.66	0.91%	2.01%	5.14%	15.99%
MSCI EAFE Small Cap	316.62	1.65%	-0.61%	4.94%	9.15%
FTSE 100	7,136.07	1.69%	1.62%	6.29%	10.46%
DAX	15,607.97	1.04%	1.21%	4.00%	13.77%
CAC 40	6,622.87	0.82%	2.73%	9.16%	19.30%
Hang Seng	29,288.22	1.69%	0.47%	3.21%	7.55%
MSCI World	3,024.94	2.39%	1.65%	7.58%	12.45%
ASX 200	7,308.05	-0.83%	2.04%	7.62%	10.94%
NIKKEI	29,066.18	0.35%	0.71%	-0.39%	5.91%
CSI 300	5,243.46	2.69%	-1.70%	3.72%	1.02%
China A50	17,660.02	2.35%	-3.14%	2.14%	0.13%
TWSE	17,336.71	0.10%	2.55%	6.52%	18.81%
Fixed Income					
Barclays Aggregate	540.86	-0.04%	-0.87%	1.32%	-3.20%
Barclays Euro Aggregate	267.90	-0.40%	-0.04%	-0.83%	-2.71%
Barclays US High Yield	2,416.19	0.37%	1.07%	2.47%	3.34%
Barclays Euro High Yield	435.06	0.00%	0.59%	1.36%	3.54%
Barclays TIPS	127.58	0.31%	-0.15%	1.66%	-0.05%
JPM EMBI Global Divers	987.85	-0.24%	0.66%	3.99%	-0.73%
Other					
DJ US Real Estate	401.50	-0.07%	2.90%	12.18%	19.89%
S&P GSCI	529.97	1.91%	2.07%	13.38%	29.43%
US Dollar Index	91.85	-0.41%	2.25%	-1.48%	2.13%
VIX	15.62	-24.54%	-6.80%	-19.48%	-31.34%

Commodities					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
Prices					
WTI Oil (\$/barrel)	74.05	66.32	63.58	59.16	48.52
Brent Oil (\$/barrel)	76.18	69.32	67.25	63.54	51.80
Gold (\$/oz)	1,781.44	1,906.87	1,769.13	1,707.71	1,898.36
Silver (\$/oz)	26.10	28.03	25.92	24.42	26.40
Copper	4.29	4.68	4.48	4.00	3.52
Corn	6.37	6.57	7.40	5.64	4.84
Coffee	1.57	1.62	1.40	1.24	1.28
Natural Gas	3.50	2.99	2.93	2.61	2.54

Currencies					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
Prices					
EURUSD	1.1935	1.2227	1.2020	1.1730	1.2216
GBPUSD	1.3879	1.4212	1.3822	1.3783	1.3670
USDJPY	110.75	109.58	109.31	110.72	103.25
USDCHF	0.9173	0.8989	0.9131	0.9436	0.8852
USDCAD	1.2292	1.2064	1.2287	1.2562	1.2725
AUDUSD	0.7590	0.7734	0.7716	0.7598	0.7694
NZDUSD	0.7073	0.7270	0.7162	0.6985	0.7184
USDCNH	6.4612	6.3728	6.4735	6.5647	6.5028

Crypto Currencies					
	Latest Price	31/5/21	30/4/21	31/3/21	31/12/20
Prices					
BTC/USD	32,215.31	36,690.89	56,814.4	58,960.2	28,996.3
XRP/USD	0.6266	0.9928	1.5763	0.5646	0.2249
LTC/USD	128.89	182.27	266.51	195.69	124.11
DSH/USD	123.99	189.58	317.44	217.17	99.30

Rates & Spreads					
	Latest Rate	31/5/21	30/4/21	31/3/21	31/12/20
Rates					
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	0.15%	0.13%	0.18%	0.19%	0.24%
US Treasuries 2 Year	0.27%	0.14%	0.16%	0.16%	0.12%
US Treasuries 10 Year	1.52%	1.59%	1.63%	1.74%	0.91%
German Bunds 2 Year	-0.65%	-0.67%	-0.69%	-0.70%	-0.72%
German Bunds 10 Year	-0.16%	-0.19%	-0.20%	-0.29%	-0.57%
Japan Gov't Bonds 10 Year	0.04%	0.08%	0.09%	0.09%	0.02%
UK Gilts 10 Year	0.78%	0.80%	0.84%	0.85%	0.20%
Swiss Gov't Bonds 10 Year	-0.20%	-0.20%	-0.22%	-0.30%	-0.58%

Global Equity Returns YTD 2021

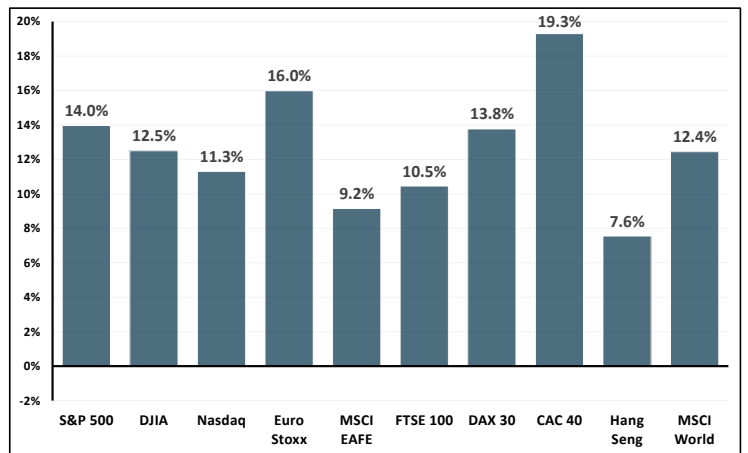


Chart Source: ADSS and Bloomberg as of the closing price on 25-Jun-21

Global Currency Returns (Weekly)

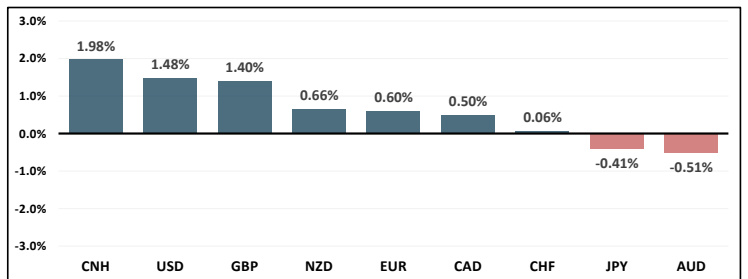


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Global Currency Returns YTD 2021

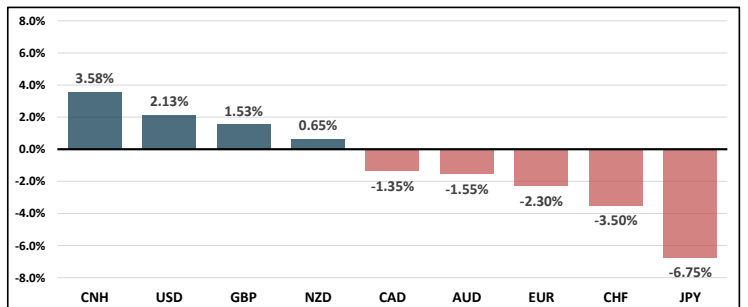
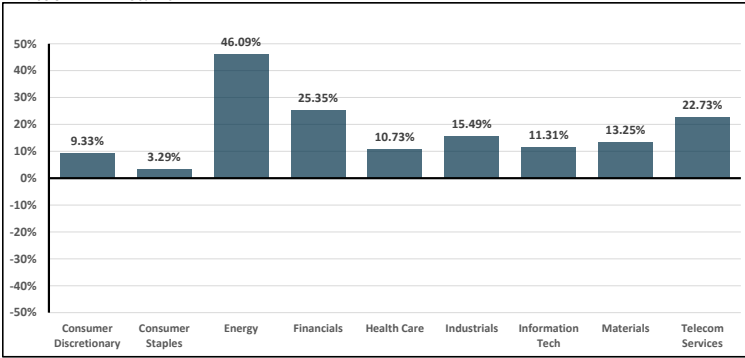


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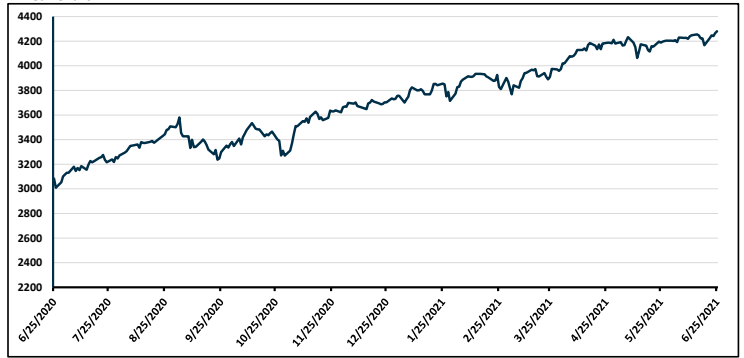
S&P 500 Index Sector Returns

YTD as of 25 Jun 2021



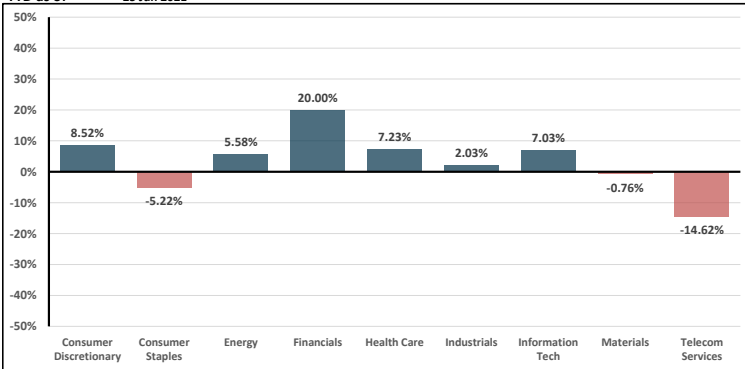
S&P 500 Index Trendline

1 Year Chart



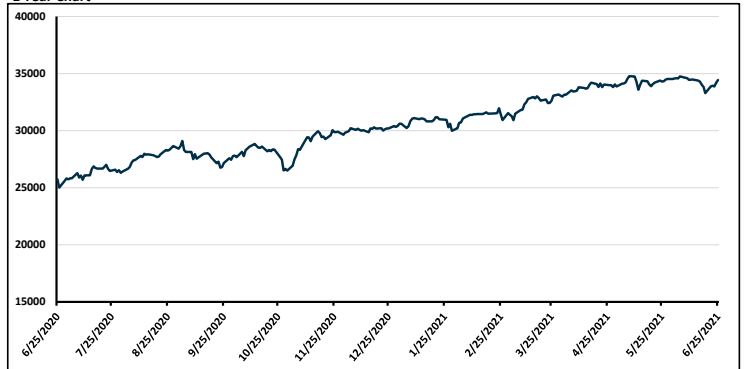
Dow Jones Industrial Average Index Sector Returns

YTD as of 25 Jun 2021



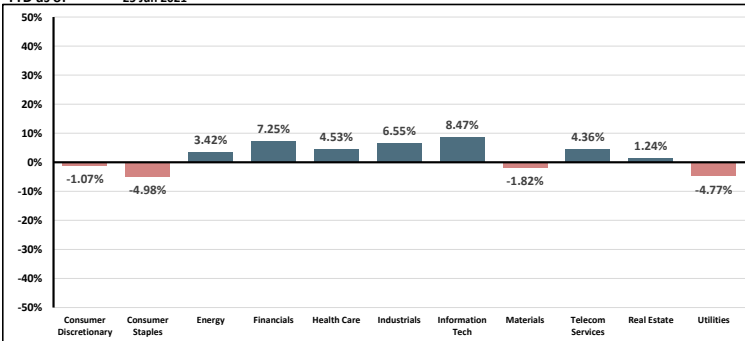
Dow Jones Industrial Average Index

1 Year Chart



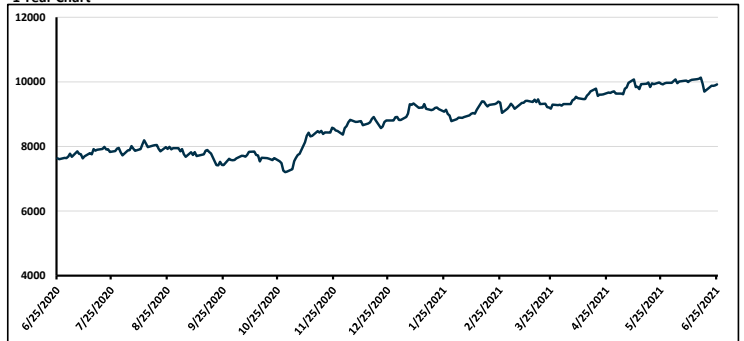
FTSE100 Index Sector Returns

YTD as of 25 Jun 2021



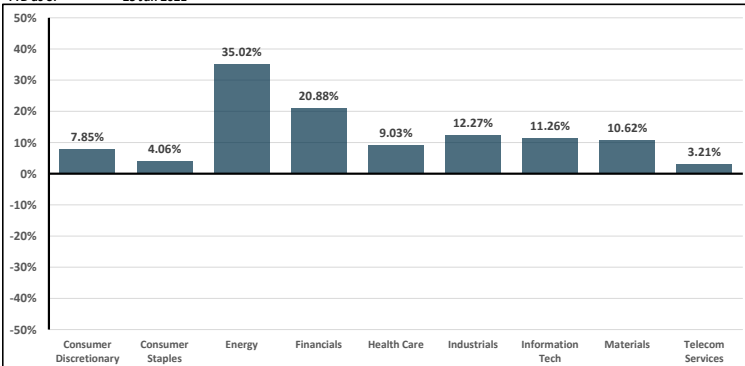
FTSE 100 Index

1 Year Chart



MSCI World Index Sector Returns

YTD as of 25 Jun 2021



MSCI World Index

1 Year Chart

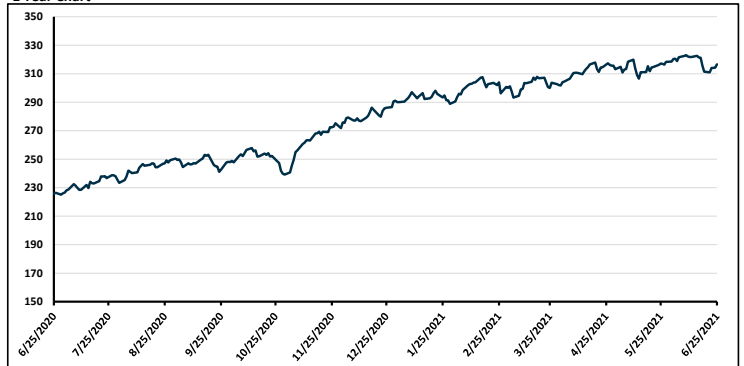


Chart Source: ADSS, Bloomberg

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