

Top things to know for the week ahead

Retail sales to point to robust rotation in spending; BoC to maintain hawkish tilt

Retail sales for June will likely be a key driver of sentiment this week. That said, market expects a month-on-month decline for June, which we agree with albeit at a slightly smaller magnitude in view of mobility data signalling recovery economic activity. More important will be improvements in spending in reopening sensitive categories, i.e., food services (restaurants). Despite the decline in headline spending, income and elevated savings in the US suggests that core spending is likely to improve. The market expects this as well, which should build on optimism in the stock market, in our view. As a result, we remain bullish on US equities despite its more expensive valuations compared to other global indices. We also expect rotating sector leadership over the past few weeks to extend, reinforcing our outlook for a slower than before rally due to the lack of a broader strengthening across sectors.

The Bank of Canada (BoC) is expected to keep rates on hold at its meeting this week, but we do anticipate the central bank to retain its hawkish tone on the back of higher-than-expected price pressures and generally positive developments in the labour market (June's unemployment rate dipped despite an increase in labour participation). As a result, tapering of QE purchases is probable, in our view, possibly to C\$2 billion per week (down from C\$3 billion) moving forward. USD/CAD is thus expected to show a downside skew this week, possibly back towards the range between 1.2300 and 1.2380 over the week. Note that this is on the assumption that the greenback's fading upside momentum last week will persist into this week as well.

Gold looks likely to trade higher, though upside may be limited in the short-term

Gold's bounce back since the start of July may be a signal of more upside to come. Also at the start of the month was stronger bullish speculative positions according to CFTC data, which may be a signal that we could see a retest of the 38.2% retracement of the March-May rally at 1,823.12. That said, we expect short-term upside to be constrained by attraction to risky assets, especially with US 10-year real yields appearing to have bottomed out for now.

Commodities Against DXY (Rebased to 100)

4-week chart

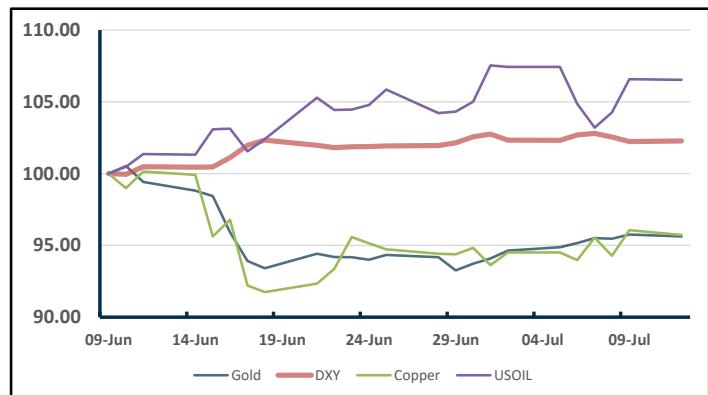


Chart Source: ADSS, Bloomberg

Data Watch

Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	07:50	JPY	Japan Core Machine Orders MoM
Tue	20:30	USD	United States CPI MoM
	-	CNY	China 1-Yr Medium-Term Lending Facility Rate
Wed	10:00	NZD	New Zealand RBNZ Official Cash Rate
	12:30	JPY	Japan Industrial Production MoM
	14:00	GBP	United Kingdom CPI MoM
	14:00	GBP	United Kingdom CPI YoY
	22:00	CAD	Canada Bank of Canada Rate Decision
	09:30	AUD	Australia Employment Change
Thu	09:30	AUD	Australia Participation Rate
	09:30	AUD	Australia Unemployment Rate
	10:00	CNY	China GDP YoY
	10:00	CNY	China Surveyed Jobless Rate
	14:00	GBP	United Kingdom Claimant Count Rate
	14:00	GBP	United Kingdom ILO Unemployment Rate 3Mths
	20:30	USD	United States Initial Jobless Claims
	11:00	JPY	Japan BOJ Policy Balance Rate
Fri	20:30	USD	US Retail Sales Advance MoM
	22:00	USD	United States U. of Mich. Sentiment

Weekly Market Snapshot
Index Returns

	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	4,369.55	0.40%	1.68%	1.68%	16.33%
DJ Industrial Average	34,870.16	0.24%	1.07%	1.07%	13.93%
Nasdaq	14,826.09	0.67%	1.86%	1.86%	15.04%
Euro Stoxx 50	4,068.09	-0.40%	0.09%	0.09%	14.51%
MSCI EAFE Small Cap	314.41	-0.26%	0.50%	0.50%	8.39%
FTSE 100	7,121.88	-0.02%	1.20%	1.20%	10.24%
DAX	15,687.93	0.24%	1.01%	1.01%	14.35%
CAC 40	6,529.42	-0.36%	0.33%	0.33%	17.62%
Hang Seng	27,344.54	-3.41%	-5.15%	-5.15%	0.42%
MSCI World	3,053.12	0.23%	1.19%	1.19%	13.50%
ASX 200	7,273.29	-0.48%	-0.54%	-0.54%	10.42%
NIKKEI	27,940.42	-2.93%	-2.96%	-2.96%	1.81%
CSI 300	5,074.21	-0.20%	-3.02%	-3.02%	-2.25%
China A50	16,681.17	-1.70%	-4.60%	-4.60%	-5.42%
TWSE	17,850.69	0.79%	-0.53%	-0.53%	19.88%
Fixed Income					
Barclays Aggregate	543.36	0.45%	0.47%	0.47%	-2.75%
Barclays Euro Aggregate	270.41	0.28%	0.50%	0.50%	-1.80%
Barclays US High Yield	2,432.35	0.20%	0.40%	0.40%	4.03%
Barclays Euro High Yield	435.46	0.07%	0.07%	0.07%	3.64%
Barclays TIPS	127.93	0.07%	-0.06%	-0.06%	0.22%
JPM EMBI Global Divers	990.70	0.27%	0.22%	0.22%	-0.45%
Other					
DJ US Real Estate	410.50	2.68%	3.43%	3.43%	22.57%
S&P GSCI	531.76	-1.79%	-0.79%	-0.79%	29.87%
US Dollar Index	92.13	-0.10%	-0.33%	-0.33%	2.44%
VIX	16.18	7.37%	2.21%	2.21%	-28.88%

Commodities

	Latest Price	30/6/21	31/5/21	30/4/21	31/12/20
Prices					
WTI Oil (\$/barrel)	74.56	73.47	66.32	63.58	48.52
Brent Oil (\$/barrel)	75.55	75.13	69.32	67.25	51.80
Gold (\$/oz)	1,808.32	1,770.11	1,906.87	1,769.13	1,898.36
Silver (\$/oz)	26.10	26.13	28.03	25.92	26.40
Copper	4.35	4.30	4.68	4.48	3.52
Corn	6.30	7.20	6.57	7.40	4.84
Coffee	1.51	1.59	1.62	1.40	1.28
Natural Gas	3.67	3.65	2.99	2.93	2.54

Currencies

	Latest Price	30/6/21	31/5/21	30/4/21	31/12/20
Prices					
EURUSD	1.1876	1.1858	1.2227	1.2020	1.2216
GBPUSD	1.3901	1.3831	1.4212	1.3822	1.3670
USDJPY	110.14	111.11	109.58	109.31	103.25
USDCNH	0.9147	0.9250	0.8989	0.9131	0.8852
USDCAD	1.2447	1.2398	1.2064	1.2287	1.2725
AUDUSD	0.7488	0.7498	0.7734	0.7716	0.7694
NZDUSD	0.7000	0.6983	0.7270	0.7162	0.7184
USDCNH	6.4813	6.4683	6.3728	6.4735	6.5028

Crypto Currencies

	Latest Price	30/6/21	31/5/21	30/4/21	31/12/20
Prices					
BTC/USD	33,522.57	34,585.00	36,690.9	56,814.4	28,996.3
XRP/USD	0.6305	0.6858	0.9928	1.5763	0.2249
LTC/USD	133.75	142.26	182.27	266.51	124.11
DSH/USD	128.44	144.16	189.58	317.44	99.30

Rates & Spreads

	Latest Rate	30/6/21	31/5/21	30/4/21	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	0.13%	0.15%	0.13%	0.18%	0.24%
US Treasuries 2 Year	0.21%	0.25%	0.14%	0.16%	0.12%
US Treasuries 10 Year	1.36%	1.47%	1.59%	1.63%	0.91%
German Bunds 2 Year	-0.68%	-0.67%	-0.67%	-0.69%	-0.72%
German Bunds 10 Year	-0.29%	-0.21%	-0.19%	-0.20%	-0.57%
Japan Gov't Bonds 10 Year	0.03%	0.05%	0.08%	0.09%	0.02%
UK Gilts 10 Year	0.66%	0.72%	0.80%	0.84%	0.20%
Swiss Gov't Bonds 10 Year	-0.32%	-0.25%	-0.20%	-0.22%	-0.58%

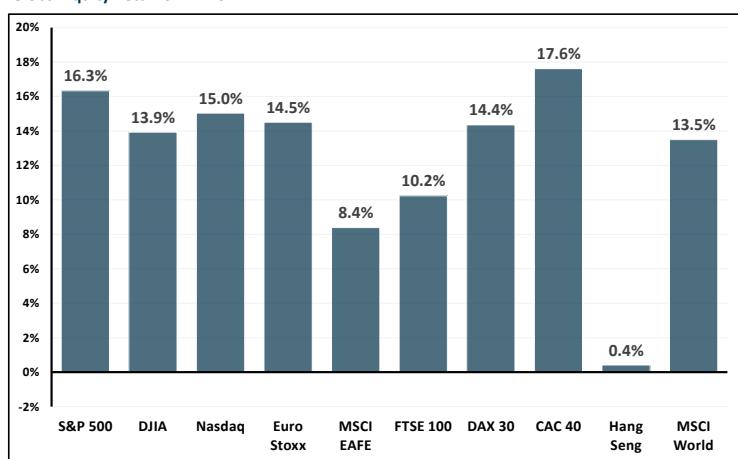
Global Equity Returns YTD 2021


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

9-Jul-21

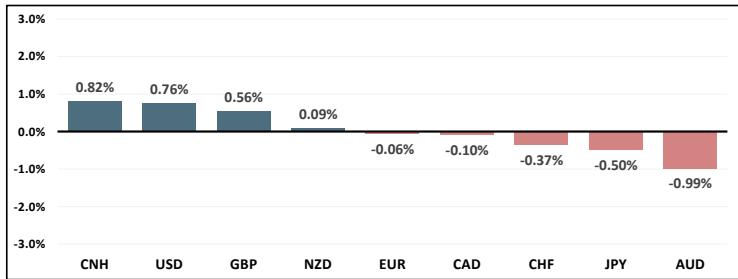
Global Currency Returns (Weekly)


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

9-Jul-21

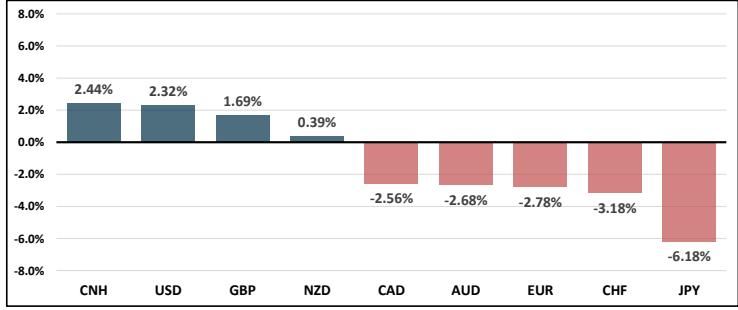
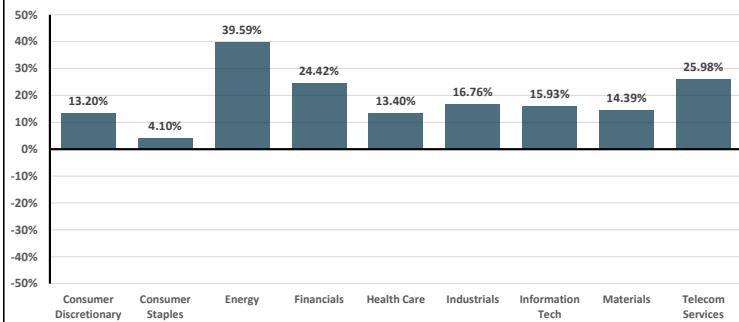
Global Currency Returns YTD 2021


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

9-Jul-21

S&P 500 Index Sector Returns

YTD as of 9 Jul 2021



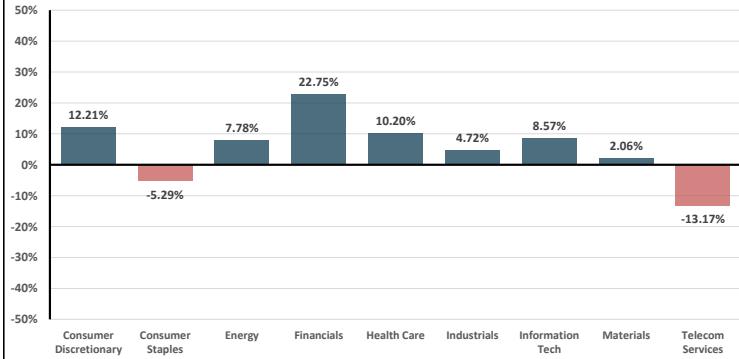
S&P 500 Index Trendline

1 Year Chart



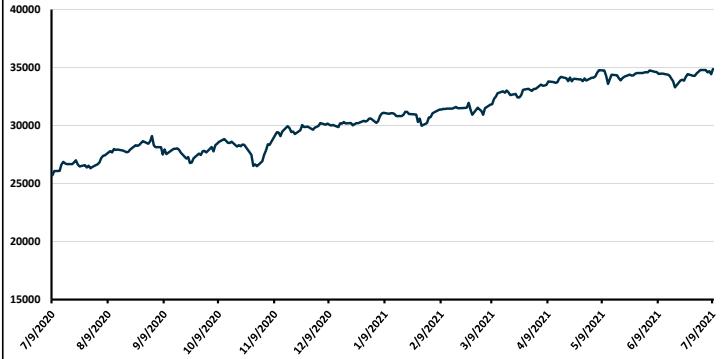
Dow Jones Industrial Average Index Sector Returns

YTD as of 9 Jul 2021



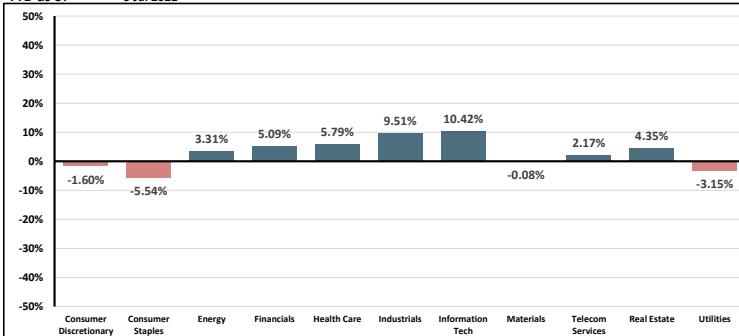
Dow Jones Industrial Average Index

1 Year Chart



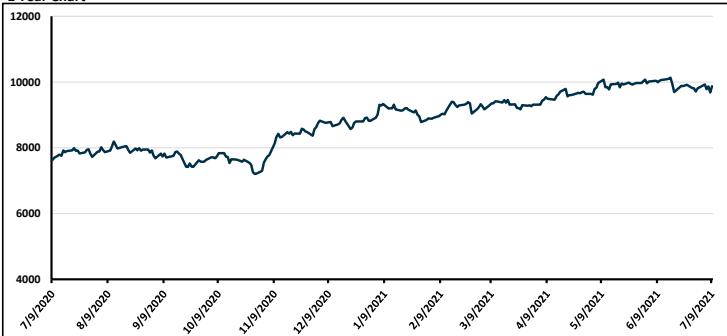
FTSE100 Index Sector Returns

YTD as of 9 Jul 2021



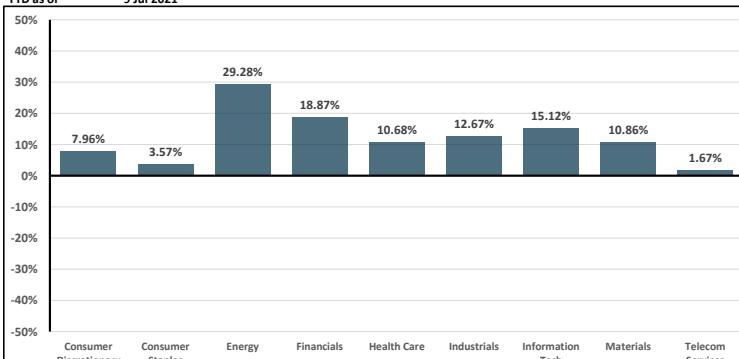
FTSE 100 Index

1 Year Chart



MSCI World Index Sector Returns

YTD as of 9 Jul 2021



MSCI World Index

1 Year Chart

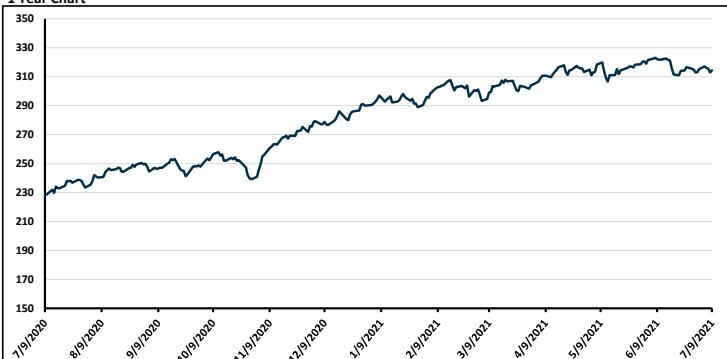


Chart Source: ADSS, Bloomberg

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