



MARKET CONNECT

Top things to know for the week ahead



More downside may be due for the S&P500

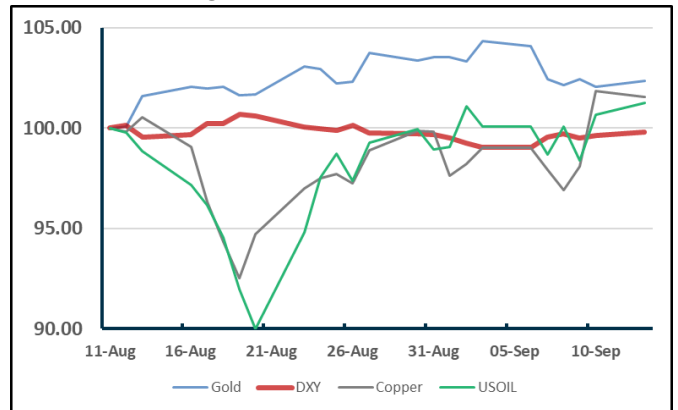
Investors are likely to keep their focus on inflation figures this week as the Fed's tapering timeline remains in question. Economists expect a 0.4% MoM reading in headline CPI for August, signalling that the market continues to anticipate a normalisation of price pressures downwards from the prior reading of 0.5% in the US economy. Forecasts for the YoY headline CPI implies the same (E: 5.3%, P: 5.4%). Risk for CPI figures is more likely tilted towards being in the upper range of the 5.0% to 5.5% range, however, given the effects of Hurricane Ida. As a result, there may be increased concerns for a sooner-than-later rate hike by the Fed despite best efforts from central bankers to suggest otherwise. That said, the impact of August's economic figures on financial assets are more probable to be relatively muted, as the effects of augmented unemployment benefits, Hurricane Ida, and seasonal effects from the summer holidays start to either fade or become clearer in September.

As inflation continues to stay elevated in the US, it does suggest more downside pressure on US equities. This would also be on the back of higher costs for producers (as per the PPI index which saw a 10.5% spike in August), signalling that profitability is likely to stall or possibly decline. This week's retail spending data is likely to signal moderating consumer spending as well. As a result, there may be persistent weakness in consumer-related sectors, including consumer staples and consumer discretionary stocks. Conversely, energy, materials, semiconductor, and healthcare equipment stocks look probable to advance. That should signal added downward pressure on the overall S&P500 due to its higher weightage on consumer-related sectors, with a possible retest of the 50-day moving average this week.

Downside pressure in oil may persist this week

USOIL continues to trade sideways. We don't expect that to change in the short-term, although risk for oil prices looks more likely to skew towards the downside. While supply in the US Gulf remains slow to return to the market, the pandemic and its newer variants remains a key risk to energy demand. In addition, sentiment for crude does appear to be moderating from the rally that crude oil prices have seen since 2020. With little upside catalysts due and policymakers starting to pare down stimulus, we do expect short-term downward pressure to persist, possibly pulling USOIL downwards to range between US\$65 to US\$67.

Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

DATA WATCH



| Day | Time (GMT +8:00) | Related Currency | Events/Indicators |
|-----|------------------|------------------|--|
| Mon | - | CNY | China 1-Yr Medium-Term Lending Facility Rate |
| Tue | 12:30 | JPY | Japan Industrial Production MoM |
| | 14:00 | GBP | United Kingdom Claimant Count Rate |
| | 14:00 | GBP | United Kingdom Jobless Claims Change |
| | 14:00 | GBP | United Kingdom ILO Unemployment Rate 3Mths |
| Wed | 20:30 | USD | United States CPI MoM |
| | 07:50 | JPY | Japan Core Machine Orders MoM |
| | 10:00 | CNY | China Surveyed Jobless Rate |
| | 14:00 | GBP | United Kingdom CPI MoM |
| | 14:00 | GBP | United Kingdom CPI YoY |
| Thu | 20:30 | CAD | Canada CPI YoY |
| | 06:45 | NZD | New Zealand GDP SA QoQ |
| | 09:30 | AUD | Australia Employment Change |
| | 09:30 | AUD | Australia Unemployment Rate |
| | 09:30 | AUD | Australia Participation Rate |
| | 20:30 | USD | United States Retail Sales Advance MoM |
| Fri | 20:30 | USD | United States Initial Jobless Claims |
| | 17:00 | EUR | Eurozone CPI YoY |
| | 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 | 4,458.58 | -1.69% | -1.42% | 3.75% | 18.70% |
| DJ Industrial Average | 34,607.72 | -2.15% | -2.13% | 0.30% | 13.07% |
| Nasdaq | 15,440.75 | -1.36% | -0.91% | 6.09% | 19.80% |
| Euro Stoxx 50 | 4,170.35 | -0.75% | -0.62% | 2.61% | 17.39% |
| MSCI EAFE Small Cap | 330.90 | -0.43% | 1.31% | 5.77% | 14.08% |
| FTSE 100 | 7,029.20 | -1.53% | -1.27% | -0.12% | 8.80% |
| DAX | 15,609.81 | -1.09% | -1.42% | 0.51% | 13.78% |
| CAC 40 | 6,663.77 | -0.39% | -0.25% | 2.40% | 20.04% |
| Hang Seng | 26,205.91 | 1.17% | 1.26% | -9.10% | -3.76% |
| MSCI World | 3,122.07 | -1.32% | -0.61% | 3.47% | 16.06% |
| ASX 200 | 7,406.63 | -1.55% | -1.70% | 1.28% | 12.44% |
| NIKKEI | 30,381.84 | 4.30% | 8.16% | 5.52% | 10.70% |
| CSI 300 | 5,008.85 | 3.74% | 4.34% | -4.27% | -3.50% |
| China A50 | 15,582.66 | 3.26% | 5.69% | -10.88% | -11.65% |
| TWSE | 17,270.49 | -1.41% | -0.09% | -1.58% | 18.61% |
| Fixed Income | | | | | |
| Barclays Aggregate | 545.87 | -0.22% | 0.03% | 0.94% | -2.30% |
| Barclays Euro Aggregate | 271.49 | -0.08% | -0.18% | 0.90% | -1.41% |
| Barclays US High Yield | 2,451.56 | 0.11% | 0.30% | 1.20% | 4.85% |
| Barclays Euro High Yield | 439.33 | 0.12% | 0.23% | 0.96% | 4.56% |
| Barclays TIPS | 129.14 | 0.40% | -0.35% | 0.88% | 1.17% |
| JPM EMBI Global Divers | 1,004.08 | 0.00% | 0.17% | 1.57% | 0.90% |
| Other | | | | | |
| DJ US Real Estate | 416.40 | -3.83% | -1.70% | 4.91% | 24.34% |
| S&P GSCI | 531.43 | -0.08% | 0.77% | -0.85% | 29.79% |
| US Dollar Index | 92.58 | 0.59% | -0.05% | 0.16% | 2.94% |
| VIX | 20.95 | 27.67% | 27.12% | 32.34% | -7.91% |

Commodities

| | Latest Price | 31/8/21 | 31/7/21 | 30/6/21 | 31/12/20 |
|-----------------------|--------------|----------|----------|----------|----------|
| Prices | | | | | |
| WTI Oil (\$/barrel) | 69.72 | 68.50 | 73.95 | 73.47 | 48.52 |
| Brent Oil (\$/barrel) | 72.92 | 72.99 | 76.33 | 75.13 | 51.80 |
| Gold (\$/oz) | 1,787.58 | 1,813.62 | 1,814.19 | 1,770.11 | 1,898.36 |
| Silver (\$/oz) | 23.74 | 23.89 | 25.49 | 26.13 | 26.40 |
| Copper | 4.45 | 4.36 | 4.48 | 4.30 | 3.52 |
| Corn | 5.03 | 5.34 | 5.47 | 7.20 | 4.84 |
| Coffee | 1.86 | 1.93 | 1.80 | 1.59 | 1.28 |
| Natural Gas | 4.94 | 4.38 | 3.91 | 3.65 | 2.54 |

Currencies

| | Latest Price | 31/8/21 | 31/7/21 | 30/6/21 | 31/12/20 |
|---------------|--------------|---------|---------|---------|----------|
| Prices | | | | | |
| EURUSD | 1.1814 | 1.1809 | 1.1870 | 1.1858 | 1.2216 |
| GBPUSD | 1.3839 | 1.3755 | 1.3904 | 1.3831 | 1.3670 |
| USDJPY | 109.94 | 110.02 | 109.72 | 111.11 | 103.25 |
| USDCHF | 0.9176 | 0.9151 | 0.9059 | 0.9250 | 0.8852 |
| USDCAD | 1.2692 | 1.2616 | 1.2475 | 1.2398 | 1.2725 |
| AUDUSD | 0.7356 | 0.7316 | 0.7344 | 0.7498 | 0.7694 |
| NZDUSD | 0.7113 | 0.7045 | 0.6974 | 0.6983 | 0.7184 |
| USDCNH | 6.4432 | 6.4542 | 6.4633 | 6.4683 | 6.5028 |

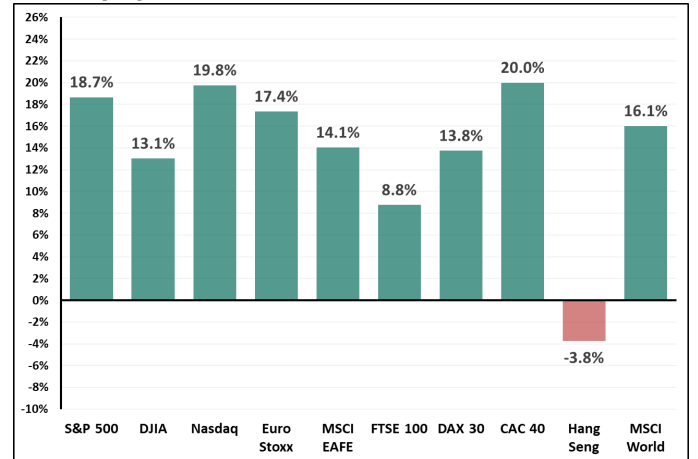
Crypto

| | Latest Price | 31/7/21 | 30/6/21 | 31/12/20 | 31/12/20 |
|---------------|--------------|-----------|-----------|-----------|-----------|
| Prices | | | | | |
| BTC/USD | 46,256.10 | 47,008.53 | 40,689.27 | 34,585.00 | 28,996.28 |
| XRP/USD | 1.09 | 1.18 | 0.75 | 0.69 | 0.22 |
| LTC/USD | 180.40 | 171.88 | 142.42 | 142.26 | 124.11 |
| DSH/USD | 199.84 | 222.91 | 160.74 | 144.16 | 99.30 |

Rates & Spreads

| | 31/8/21 | 31/7/21 | 30/6/21 | 31/12/20 | 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 | 0.12% | 0.12% | 0.12% | 0.15% | 0.24% |
| US Treasuries 2 Year | 0.21% | 0.21% | 0.18% | 0.25% | 0.12% |
| US Treasuries 10 Year | 1.34% | 1.31% | 1.22% | 1.47% | 0.91% |
| German Bunds 2 Year | -0.71% | -0.72% | -0.77% | -0.67% | -0.72% |
| German Bunds 10 Year | -0.33% | -0.39% | -0.46% | -0.21% | -0.57% |
| Japan Gov't Bonds 10 Year | 0.04% | 0.02% | 0.02% | 0.05% | 0.02% |
| UK Gilts 10 Year | 0.76% | 0.71% | 0.57% | 0.72% | 0.20% |
| Swiss Gov't Bonds 10 Year | -0.29% | -0.35% | -0.40% | -0.25% | -0.58% |

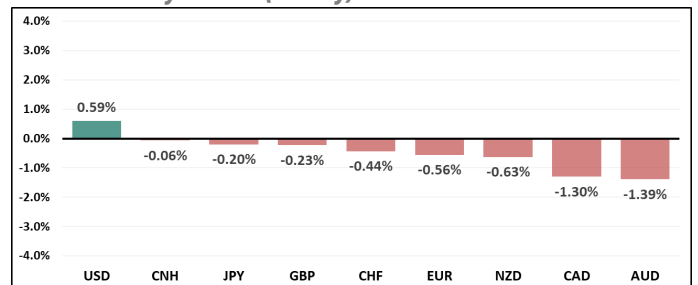
Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 3-Sep-21

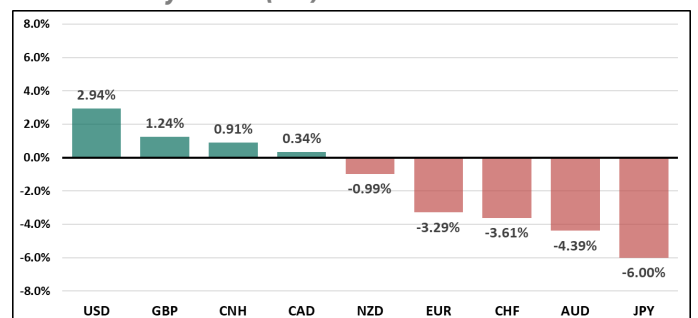
Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 3-Sep-21

Global Currency Returns (YTD)



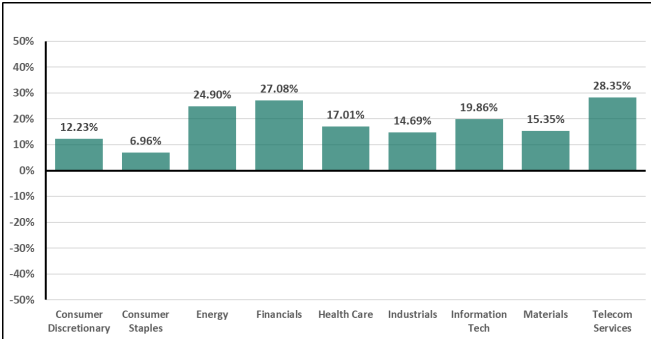
Source: ADSS, Bloomberg

As of 3-Sep-21



WEEKLY MARKET SNAPSHOT

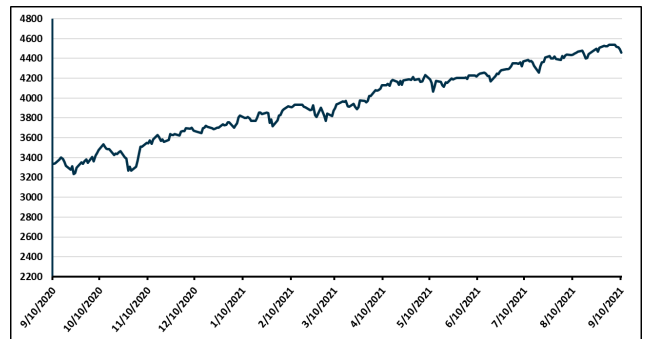
S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 3-Sep-21

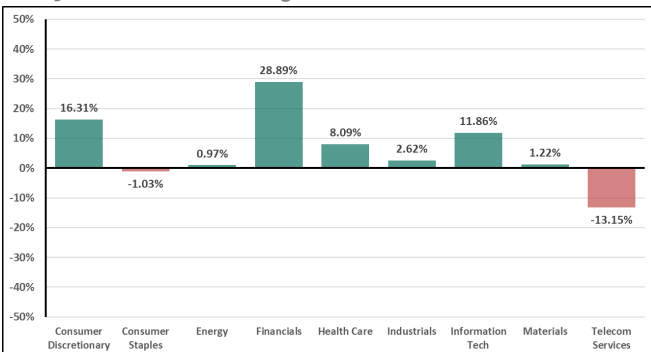
S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 3-Sep-21

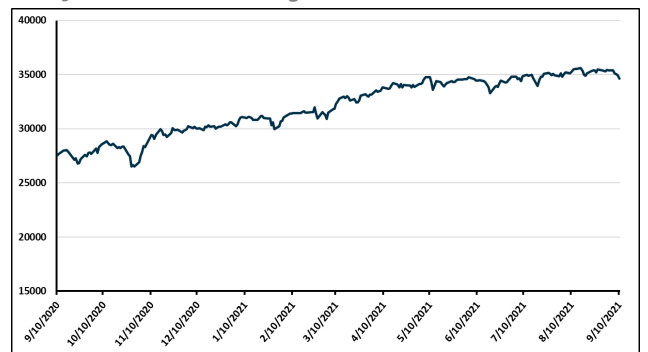
Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 3-Sep-21

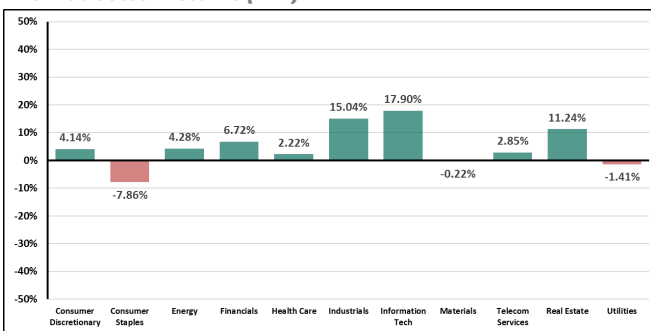
Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 3-Sep-21

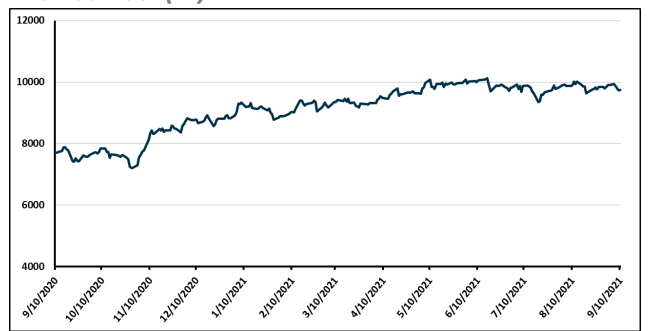
FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

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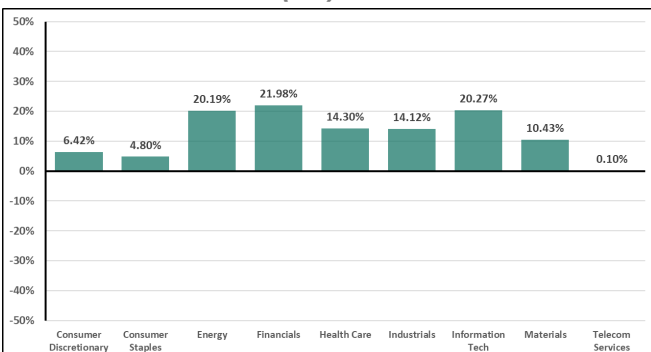
FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 3-Sep-21

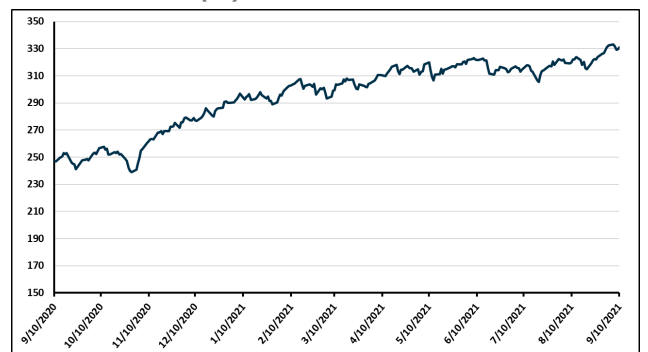
MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 3-Sep-21

MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 3-Sep-21



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