



MARKET CONNECT

Top things to know for the week ahead



Will the Fed disappoint hawks this week?

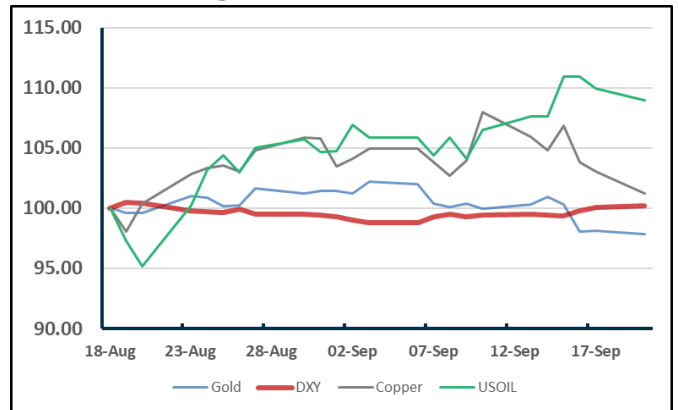
All eyes to be on the Fed's meeting this week with expectations for at least some comments on the impending taper timeline. That said, there should not be any changes to policy during this week's meeting, at least in our view. While the most recent retail sales reading (August) did surprise markets, the report does suggest that the delta variant may be weighing on the economic recovery. In addition, other key metrics that are watched by the central bank (employment and inflation) either disappointed or remained well within expectations. This does suggest that policymakers will reiterate their previous tone, i.e., taper to commence soon, but rates will stay low for the foreseeable future. This would mean that upside in the dollar may be curbed in the short-term, though we think that this limitation may only be temporary.

Note that another key area of concern for markets regarding this week's FOMC meeting will be on inflation forecasts, and consequently what it will signal for rate hikes. While we expect the central bank to retain its dovish tone to reduce the impact of a potential taper tantrum, an update of its Summary of Economic Projection may reinforce the potential rate hike by the end of next year. Note that markets are likely already pricing this in, with Fed Fund futures seeing an implied 82% probability for a single rate hike by the end of 2022. This would again reaffirm that upside in the dollar is likely to be limited. As a result, we expect DXY to see some upward pressure in the short-term, likely ahead of the FOMC meeting later this week. That said a convincing breach of the 93.50 level looks improbable given the assumptions above. Following the meeting, we do expect that upward pressure on the index to unwind, likely putting the index back in the range of 92.50 to 93.20.

Optimism for crude oil looks likely to hold

Crude oil's upside looks likely to be exhausted in the short-term as supply starts to loosen as more production from the US Gulf of Mexico return online. The medium-term upper bound for USOIL at about US\$75 looks likely to hold as a result. That said, optimism for crude oil prices looks probable to remain intact in the medium-term with the backwardation structure in WTI crude oil futures still holding at healthy levels (1M-6M and the December 2021 - December 2022 spreads are trading below the most recent peak but at levels above the recent averages). Expect sideways trading for USOIL as a result, likely within the US\$66.50 and US\$74.20.

Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

DATA WATCH



Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Tue	09:30	AUD	Australia RBA Minutes of Sep. Policy Meeting
	20:30	USD	United States Housing Starts
Wed	09:30	CNY	China 1Y/5Y Loan Prime Rate
	19:00	USD	United States MBA Mortgage Applications
	00:00	JPY	Japan BOJ Policy Balance Rate
Thu	02:00	USD	United States FOMC Rate Decision
	02:00	USD	United States Interest on Reserve Balances Rate
	02:30	USD	Fed Chair Powell's Post Meeting Press Conf.
	15:30	CHF	Switzerland SNB Policy Rate
	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	GBP	United Kingdom Bank of England Bank Rate
	19:00	GBP	United Kingdom BOE Corporate Bond Target
Fri	20:30	USD	United States Initial Jobless Claims
	21:45	USD	United States Markit US Manufacturing PMI
	08:30	JPY	Japan Jibun Bank Japan PMI Mfg
	16:00	EUR	Germany IFO Business Climate
	22:00	USD	United States New Home Sales



WEEKLY MARKET SNAPSHOT

Index Returns

	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	4,432.99	-0.57%	-1.98%	3.15%	18.02%
DJ Industrial Average	34,584.88	-0.07%	-2.19%	0.24%	13.00%
Nasdaq	15,333.47	-0.69%	-1.60%	5.35%	18.97%
Euro Stoxx 50	4,130.84	-0.95%	-1.56%	1.64%	16.28%
MSCI EAFE Small Cap	327.25	-1.10%	0.19%	4.61%	12.82%
FTSE 100	6,963.64	-0.93%	-2.19%	-1.05%	7.79%
DAX	15,490.17	-0.77%	-2.18%	-0.26%	12.91%
CAC 40	6,570.19	-1.40%	-1.65%	0.96%	18.35%
Hang Seng	24,920.76	-4.90%	-3.70%	-13.55%	-8.48%
MSCI World	3,096.62	-0.82%	-1.42%	2.63%	15.11%
ASX 200	7,403.72	-0.04%	-1.74%	1.24%	12.40%
NIKKEI	30,500.05	0.39%	8.58%	5.93%	11.13%
CSI 300	4,857.67	-3.02%	1.19%	-7.16%	-6.42%
China A50	15,198.24	-2.47%	3.09%	-13.08%	-13.83%
TWSE	17,354.00	-0.69%	-1.22%	-2.70%	17.27%
Fixed Income					
Barclays Aggregate	543.04	-0.52%	-0.49%	0.41%	-2.81%
Barclays Euro Aggregate	270.62	-0.32%	-0.50%	0.58%	-1.72%
Barclays US High Yield	2,455.11	0.14%	0.44%	1.34%	5.01%
Barclays Euro High Yield	440.20	0.20%	0.42%	1.16%	4.76%
Barclays TIPS	128.70	-0.34%	-0.69%	0.54%	0.82%
JPM EMBI Global Divers	1,002.39	-0.17%	0.00%	1.40%	0.73%
Other					
DJ US Real Estate	418.10	0.41%	-1.30%	5.34%	24.84%
S&P GSCI	538.85	1.40%	2.18%	0.54%	31.60%
US Dollar Index	93.20	0.66%	0.61%	0.82%	3.62%
VIX	20.81	-0.67%	26.27%	31.46%	-8.53%

Commodities

	Latest Price	31/8/21	31/7/21	30/6/21	31/12/20
Prices					
WTI Oil (\$/barrel)	71.97	68.50	73.95	73.47	48.52
Brent Oil (\$/barrel)	75.34	72.99	76.33	75.13	51.80
Gold (\$/oz)	1,754.34	1,813.62	1,814.19	1,770.11	1,898.36
Silver (\$/oz)	22.39	23.89	25.49	26.13	26.40
Copper	4.25	4.36	4.48	4.30	3.52
Corn	5.27	5.34	5.47	7.20	4.84
Coffee	1.87	1.93	1.80	1.59	1.28
Natural Gas	5.11	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	1.1725	1.1809	1.1870	1.1858	1.2216
GBPUSD	1.3741	1.3755	1.3904	1.3831	1.3670
USDJPY	109.93	110.02	109.72	111.11	103.25
USDCHF	0.9323	0.9151	0.9059	0.9250	0.8852
USDCAD	1.2764	1.2616	1.2475	1.2398	1.2725
AUDUSD	0.7265	0.7316	0.7344	0.7498	0.7694
NZDUSD	0.7040	0.7045	0.6974	0.6983	0.7184
USDCNH	6.4713	6.4542	6.4633	6.4683	6.5028

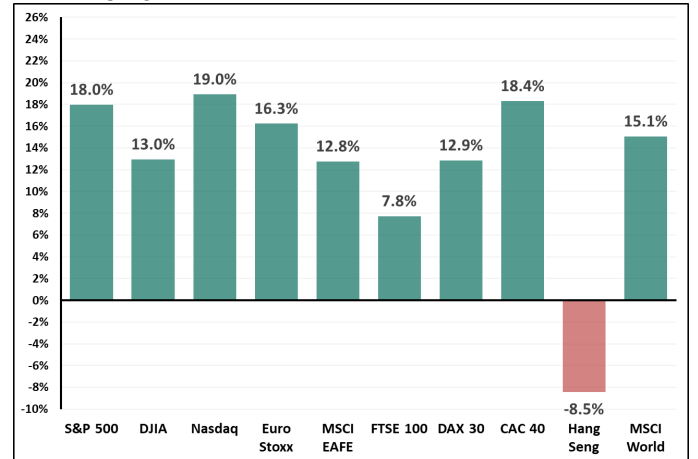
Crypto

	Latest Price	31/8/21	31/7/21	30/6/21	31/12/20
Prices					
BTC/USD	46,990.35	47,008.53	40,689.27	34,585.00	28,996.28
XRP/USD	1.06	1.18	0.75	0.69	0.22
LTC/USD	179.16	171.88	142.42	142.26	124.11
DSH/USD	197.68	222.91	160.74	144.16	99.30

Rates & Spreads

	Latest Rate	31/8/21	31/7/21	30/6/21	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	0.12%	0.12%	0.12%	0.15%	0.24%
US Treasuries 2 Year	0.22%	0.21%	0.18%	0.25%	0.12%
US Treasuries 10 Year	1.36%	1.31%	1.22%	1.47%	0.91%
German Bunds 2 Year	-0.70%	-0.72%	-0.77%	-0.67%	-0.72%
German Bunds 10 Year	-0.28%	-0.39%	-0.46%	-0.21%	-0.57%
Japan Gov't Bonds 10 Year	0.05%	0.02%	0.02%	0.05%	0.02%
UK Gilts 10 Year	0.85%	0.71%	0.57%	0.72%	0.20%
Swiss Gov't Bonds 10 Year	-0.21%	-0.35%	-0.40%	-0.25%	-0.58%

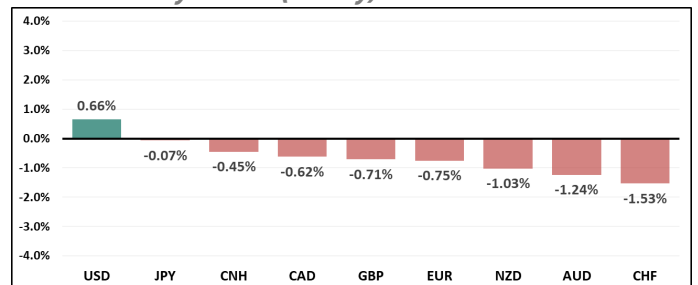
Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Sep-21

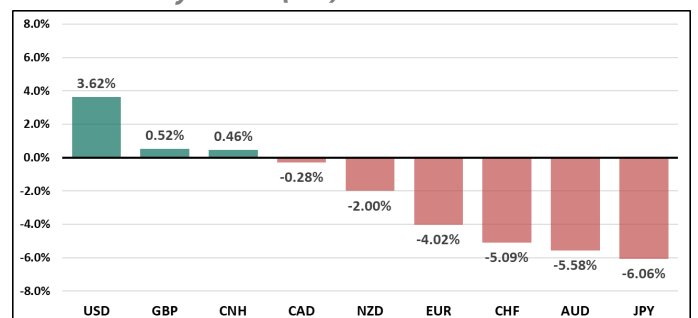
Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 10-Sep-21

Global Currency Returns (YTD)



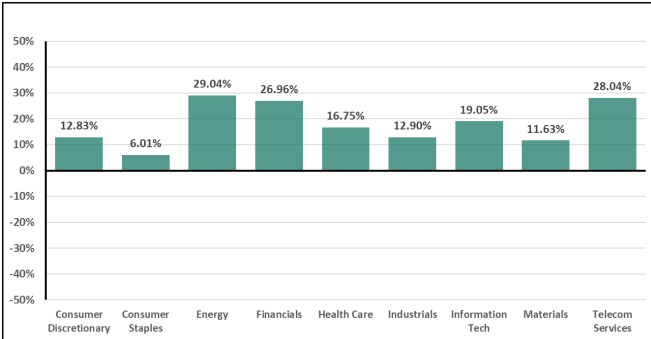
Source: ADSS, Bloomberg

As of 10-Sep-21



WEEKLY MARKET SNAPSHOT

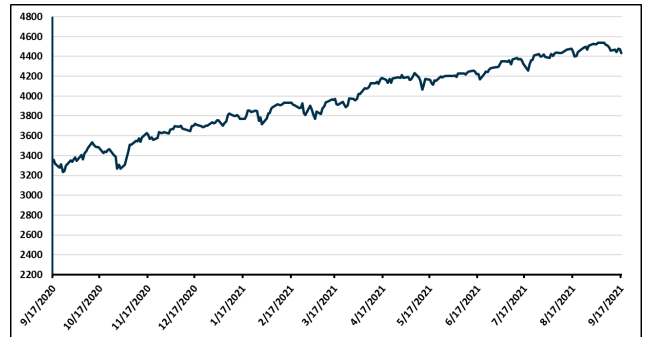
S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

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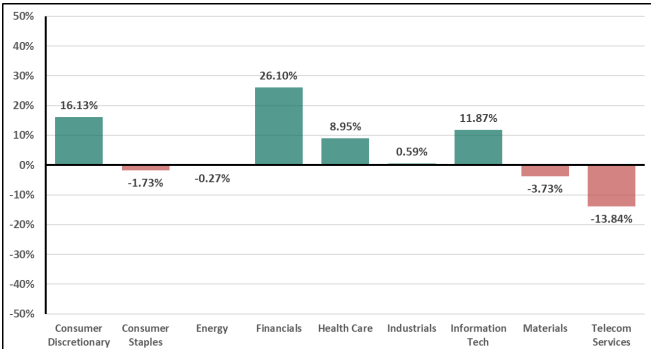
S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 10-Sep-21

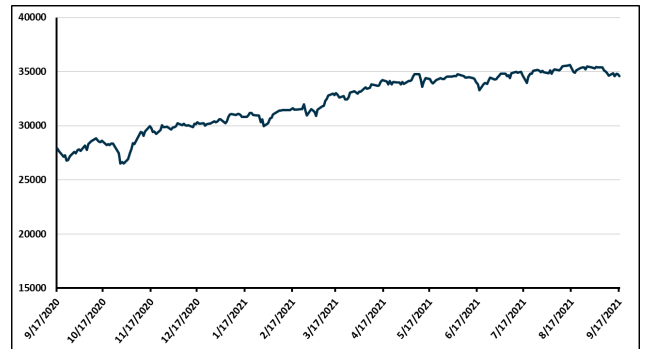
Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

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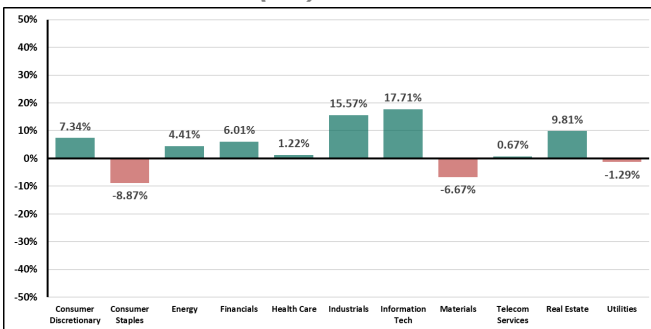
Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

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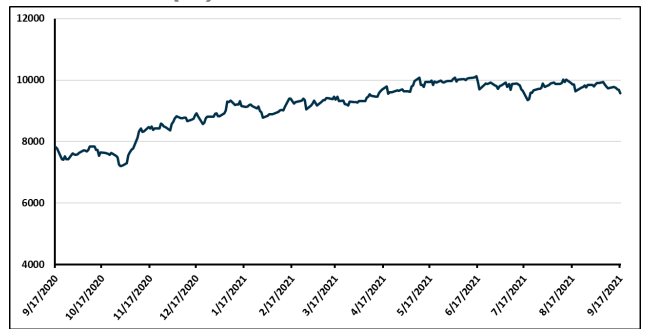
FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

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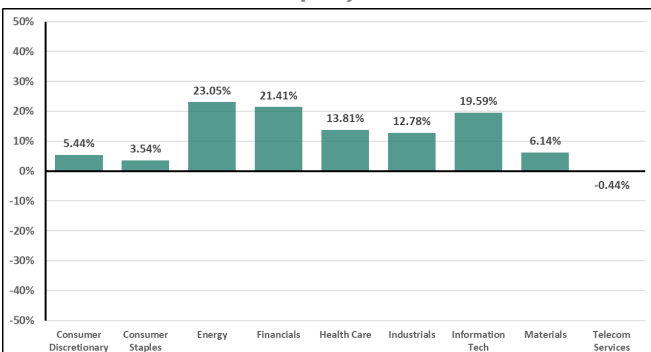
FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 10-Sep-21

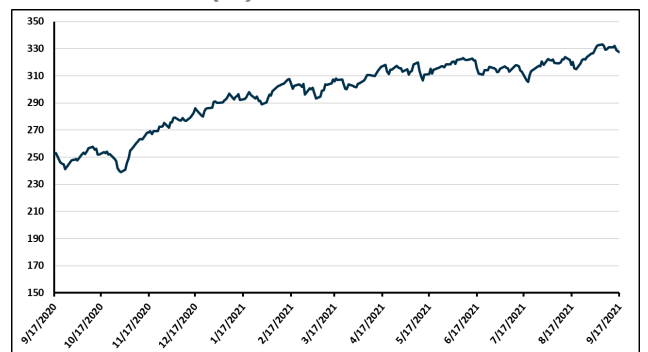
MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Sep-21

MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 10-Sep-21



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