



# MARKET CONNECT

Top things to know for the week ahead



## Will earnings reflect higher input prices?

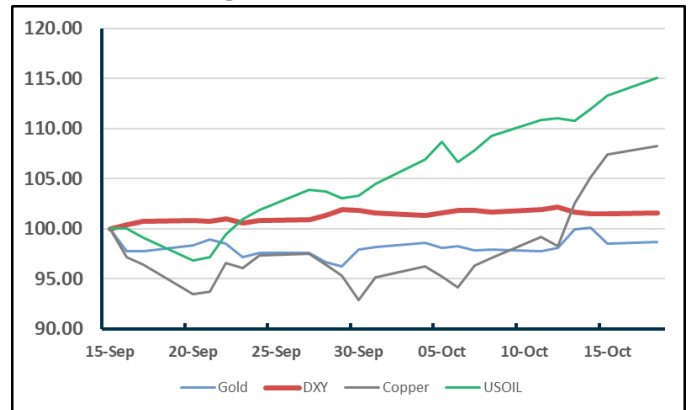
A strong start to the current earnings season helped sparked upward momentum in equities last week. Still, higher input and labour costs is likely to be reflected in margins and weigh on valuations as analysts continue to revise EPS forecasts lower. That said, the story that markets will be focused on is whether growth rates can outpace inflationary pressure. While this seems to be the case for 2021, performance in 2022 looks rather questionable if higher prices persist and weighs more heavily on consumer sentiment. Weakening consumer sentiment is already being reflected in the University of Michigan's more recent surveys, which may be attributed to concerns of future inflation and worries relating to the pandemic. As a result, the S&P500 looks likely to continue to recover in the short-term, albeit at a slower pace as real growth becomes an increasingly important concern. Expectations for a pullback in stimulus should add to downward pressure on equity markets as well.

Sterling had a strong performance last week, gaining about 1% against the dollar. That looks set to continue with Bank of England (BoE) policymakers becoming increasingly vocal about inflationary pressure being more persistent than expected. Market expectations for tighter policy from the BoE by the end of 2021 has risen as a result, with overnight index swaps showing an increase in expectations for a rate hike from the BoE through the month of October. This should translate to an upside bias to sterling, possibly helping the GBP/USD pair reach the resistance in the 1.3850 - 1.3890 band. We would be cautious on large bullish positions on the currency pair, however, given that the dollar is likely to see support from tighter policy from the Fed while sterling may see pressure from economists revising their growth outlook for the UK down from 5.4% to 5.1% in 2022.

## Oil extends rally on robust energy demand

Drivers for crude's rally include the surging natural gas prices amid higher global energy demand, along with a cautious approach from OPEC+ in returning crude oil inventories back into the market. These factors look unlikely to change in the short-term, especially with more countries reopening their borders and adding to jet fuel demand. In addition, builds in crude oil inventories has not yet dampened optimism, and we don't expect that to happen this week as well. With supply chain disruptions still in play, the global energy crunch looks likely to extend with oil prices continuing to rise though possibly at a slower pace as profit taking starts to take place.

## Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

## DATA WATCH



| Day | Time (GMT +8:00) | Related Currency | Events/Indicators   |
|-----|------------------|------------------|---|
| Mon | 05:45            | NZD              | New Zealand CPI QoQ   |
|     | 10:00            | CNY              | China GDP YoY   |
|     | 10:00            | CNY              | China Surveyed Jobless Rate                                     |
|     | 20:15            | CAD              | Canada Housing Starts   |
|     | 21:15            | USD              | United States Industrial Production MoM                         |
|     | 22:00            | CAD              | Canada Bloomberg Oct. Canada Economic Survey                    |
| Tue | 08:30            | AUD              | Australia RBA Minutes of Oct. Policy Meeting                    |
| Wed | 09:30            | CNY              | China 1-Year/5-Year Loan Prime Rate                             |
|     | 14:00            | GBP              | United Kingdom CPI MoM  |
|     | 14:00            | GBP              | United Kingdom CPI Core YoY                                     |
|     | 19:00            | USD              | United States MBA Mortgage Applications                         |
| Thu | 20:30            | CAD              | Canada CPI YoY  |
|     | 20:30            | USD              | United States Initial Jobless Claims                            |
| Fri | 08:30            | JPY              | Japan Jibun Bank Japan PMI Mfg                                  |
|     | 09:00            | USD              | United States Fed's Williams Takes Part in Moderated Discussion |
|     | 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                   |
|     | 21:45            | USD              | United States Markit US Manufacturing PMI                       |



# WEEKLY MARKET SNAPSHOT

## Index Returns

|                          | Latest Price | 1 week  | MTD     | QTD     | YTD     |
|--------------------------|--------------|---------|---------|---------|---------|
| <b>Equities</b>          |              |         |         |         |         |
| S&P 500                  | 4,471.37     | 1.82%   | 3.80%   | 3.80%   | 19.04%  |
| DJ Industrial Average    | 35,294.76    | 1.58%   | 4.29%   | 4.29%   | 15.32%  |
| Nasdaq                   | 15,146.92    | 2.20%   | 3.11%   | 3.11%   | 17.52%  |
| Euro Stoxx 50            | 4,182.91     | 2.69%   | 3.33%   | 3.33%   | 17.74%  |
| MSCI EAFE Small Cap      | 318.67       | 2.82%   | 1.46%   | 1.46%   | 9.86%   |
| FTSE 100                 | 7,234.03     | 1.95%   | 2.08%   | 2.08%   | 11.97%  |
| DAX                      | 15,587.36    | 2.51%   | 2.14%   | 2.14%   | 13.62%  |
| CAC 40                   | 6,727.52     | 2.55%   | 3.18%   | 3.18%   | 21.19%  |
| Hang Seng                | 25,330.96    | 1.99%   | 3.07%   | 3.07%   | -6.98%  |
| MSCI World               | 3,109.47     | 2.16%   | 3.42%   | 3.42%   | 15.59%  |
| ASX 200                  | 7,361.98     | 0.57%   | 0.41%   | 0.41%   | 11.76%  |
| NIKKEI                   | 29,068.63    | 3.64%   | -1.30%  | -1.30%  | 5.92%   |
| CSI 300                  | 4,931.72     | -0.01%  | 1.19%   | 1.19%   | -4.99%  |
| China A50                | 16,032.55    | 1.32%   | 3.37%   | 3.37%   | -9.10%  |
| TWSE                     | 16,347.99    | -1.76%  | -0.91%  | -0.91%  | 13.91%  |
| <b>Fixed Income</b>      |              |         |         |         |         |
| Barclays Aggregate       | 535.32       | 0.23%   | -0.13%  | -0.13%  | -4.19%  |
| Barclays Euro Aggregate  | 268.94       | 0.22%   | -0.05%  | -0.05%  | -2.33%  |
| Barclays US High Yield   | 2,439.64     | 0.15%   | -0.18%  | -0.18%  | 4.35%   |
| Barclays Euro High Yield | 436.71       | 0.07%   | -0.27%  | -0.27%  | 3.93%   |
| Barclays TIPS            | 128.56       | 0.61%   | 0.68%   | 0.68%   | 0.71%   |
| JPM EMBI Global Divers   | 980.35       | 0.50%   | -0.13%  | -0.13%  | -1.49%  |
| <b>Other</b>             |              |         |         |         |         |
| DJ US Real Estate        | 415.40       | 3.77%   | 4.58%   | 4.58%   | 24.04%  |
| S&P GSCI                 | 591.73       | 2.57%   | 6.10%   | 6.10%   | 44.51%  |
| US Dollar Index          | 93.94        | -0.14%  | -0.31%  | -0.31%  | 4.45%   |
| VIX                      | 16.30        | -13.16% | -29.56% | -29.56% | -28.35% |

## Commodities

|                       | Latest Price | 30/9/21  | 31/8/21  | 31/7/21  | 31/12/20 |
|-----------------------|--------------|----------|----------|----------|----------|
| <b>Prices</b>         |              |          |          |          |          |
| WTI Oil (\$/barrel)   | 82.28        | 75.03    | 68.50    | 73.95    | 48.52    |
| Brent Oil (\$/barrel) | 84.86        | 78.52    | 72.99    | 76.33    | 51.80    |
| Gold (\$/oz)          | 1,767.62     | 1,756.95 | 1,813.62 | 1,814.19 | 1,898.36 |
| Silver (\$/oz)        | 23.31        | 22.17    | 23.89    | 25.49    | 26.40    |
| Copper                | 4.73         | 4.09     | 4.36     | 4.48     | 3.52     |
| Corn                  | 5.26         | 5.37     | 5.34     | 5.47     | 4.84     |
| Coffee                | 2.03         | 1.94     | 1.93     | 1.80     | 1.28     |
| Natural Gas           | 5.41         | 5.87     | 4.38     | 3.91     | 2.54     |

## Currencies

|               | Latest Price | 30/9/21 | 31/8/21 | 31/7/21 | 31/12/20 |
|---------------|--------------|---------|---------|---------|----------|
| <b>Prices</b> |              |         |         |         |          |
| EURUSD        | 1.1569       | 1.1580  | 1.1809  | 1.1870  | 1.2216   |
| GBPUSD        | 1.3615       | 1.3474  | 1.3755  | 1.3904  | 1.3670   |
| USDJPY        | 112.24       | 111.29  | 110.02  | 109.72  | 103.25   |
| USDCHF        | 0.9275       | 0.9317  | 0.9151  | 0.9059  | 0.8852   |
| USDCAD        | 1.2472       | 1.2680  | 1.2616  | 1.2475  | 1.2725   |
| AUDUSD        | 0.7309       | 0.7227  | 0.7316  | 0.7344  | 0.7694   |
| NZDUSD        | 0.6939       | 0.6899  | 0.7045  | 0.6974  | 0.7184   |
| USDCNH        | 6.4455       | 6.4492  | 6.4542  | 6.4633  | 6.5028   |

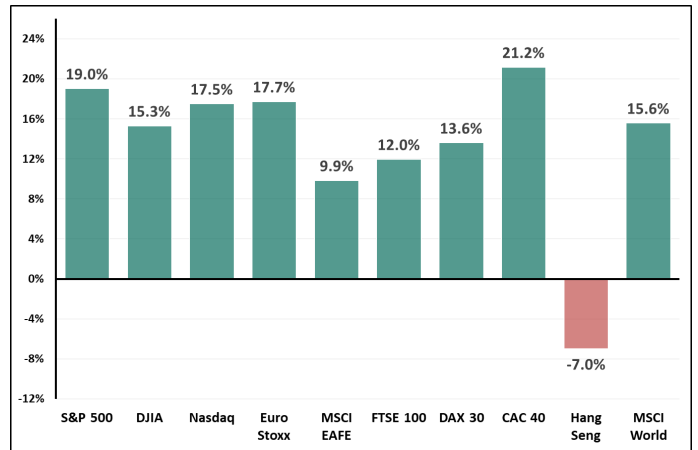
## Crypto

|               | Latest Price | 30/9/21   | 31/8/21   | 31/7/21   | 31/12/20  |
|---------------|--------------|-----------|-----------|-----------|-----------|
| <b>Prices</b> |              |           |           |           |           |
| BTC/USD       | 53,993.31    | 43,436.35 | 47,008.53 | 40,689.27 | 28,996.28 |
| XRP/USD       | 1.06         | 0.94      | 1.18      | 0.75      | 0.22      |
| LTC/USD       | 175.28       | 151.24    | 171.88    | 142.42    | 124.11    |
| DSH/USD       | 187.22       | 163.33    | 222.91    | 160.74    | 99.30     |

## Rates & Spreads

|                           | Latest Rate | 30/9/21 | 31/8/21 | 31/7/21 | 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   | 0.12%       | 0.13%   | 0.12%   | 0.12%   | 0.24%    |
| US Treasuries 2 Year      | 0.39%       | 0.28%   | 0.21%   | 0.18%   | 0.12%    |
| US Treasuries 10 Year     | 1.57%       | 1.49%   | 1.31%   | 1.22%   | 0.91%    |
| German Bunds 2 Year       | -0.69%      | -0.70%  | -0.72%  | -0.77%  | -0.72%   |
| German Bunds 10 Year      | -0.17%      | -0.20%  | -0.39%  | -0.46%  | -0.57%   |
| Japan Gov't Bonds 10 Year | 0.08%       | 0.07%   | 0.02%   | 0.02%   | 0.02%    |
| UK Gilts 10 Year          | 1.11%       | 1.02%   | 0.71%   | 0.57%   | 0.20%    |
| Swiss Gov't Bonds 10 Year | -0.14%      | -0.18%  | -0.35%  | -0.40%  | -0.58%   |

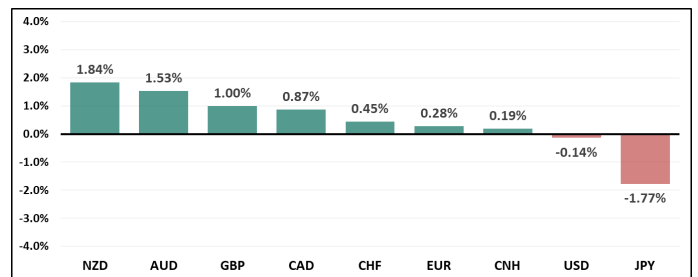
### Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 15-Oct-21

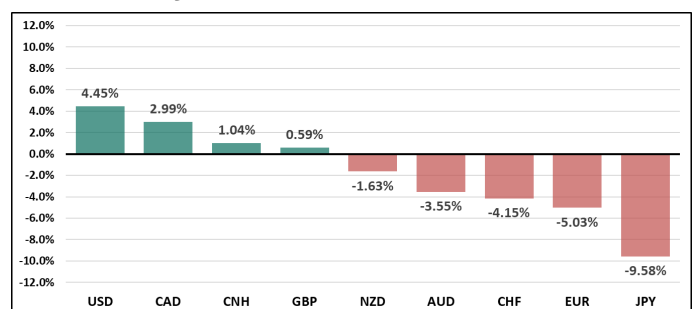
### Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 15-Oct-21

### Global Currency Returns (YTD)



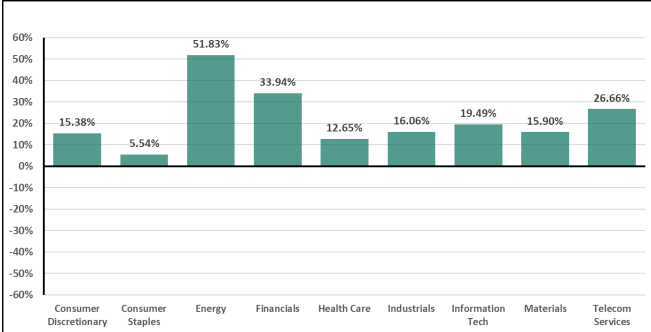
Source: ADSS, Bloomberg

As of 15-Oct-21



# WEEKLY MARKET SNAPSHOT

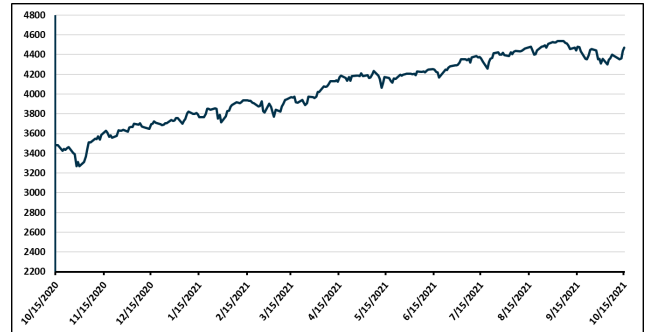
## S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 15-Oct-21

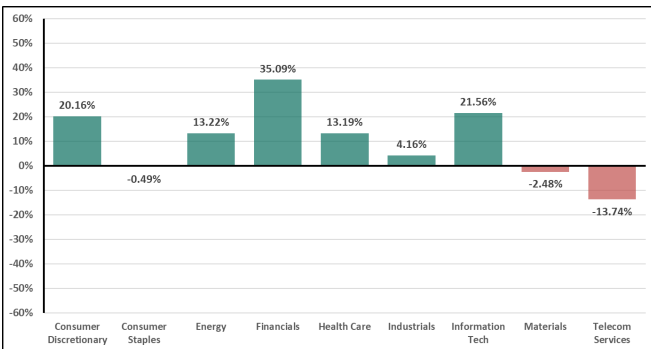
## S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 15-Oct-21

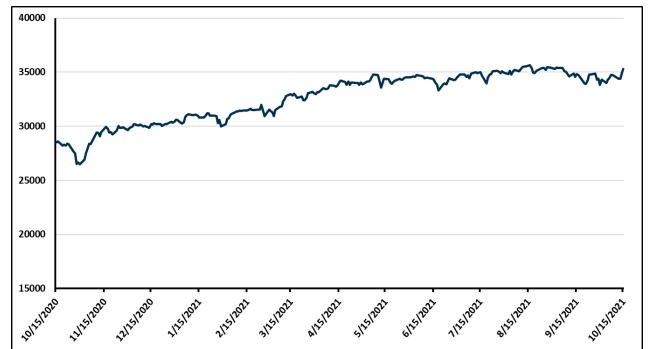
## Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 15-Oct-21

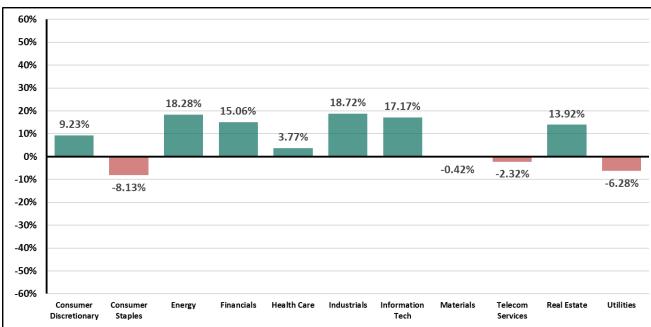
## Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 15-Oct-21

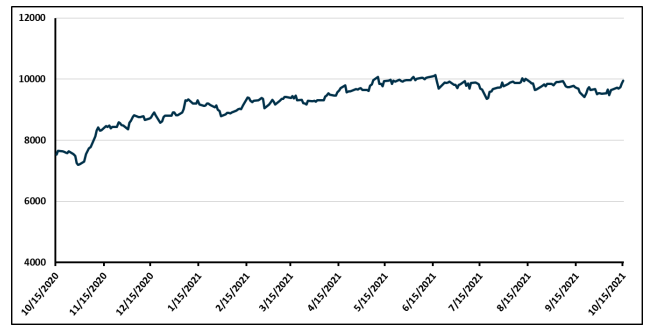
## FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 15-Oct-21

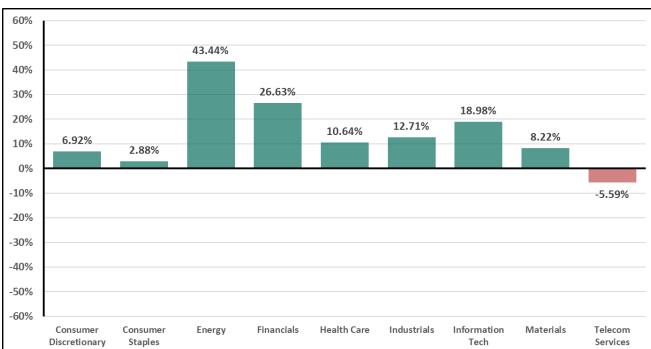
## FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 15-Oct-21

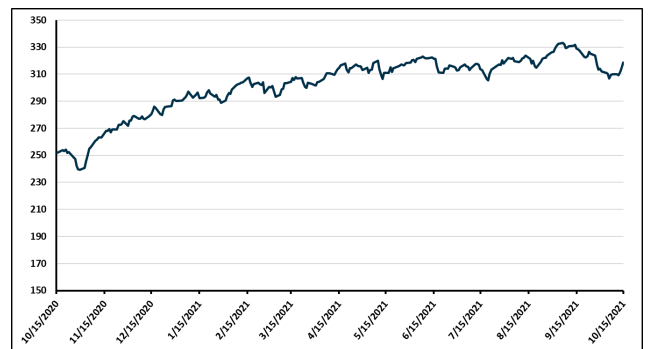
## MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 15-Oct-21

## MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 15-Oct-21



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