



MARKET CONNECT

Top things to know for the week ahead



Is sterling lagging too far behind?

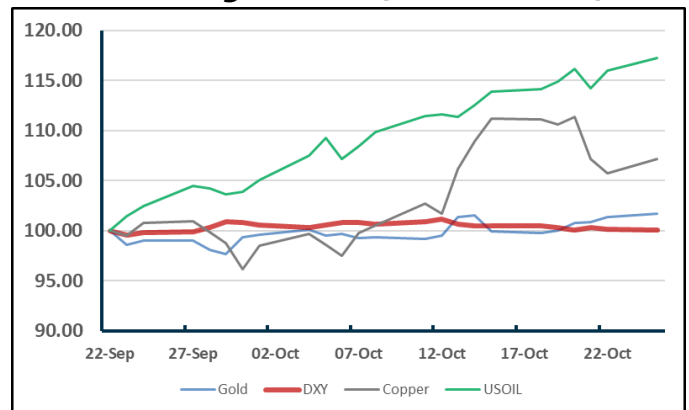
Expect movement in US equities this week to continue to be mostly influenced by earnings. Several Fed officials have already hinted at their own anticipations for data to reflect a slowdown in economic activity towards the end of Q3. This should mean that this week's GDP and durable goods data will not be expected to sway the Fed's decision. Decreasing unemployment benefit claims for the most part of October so far reinforces this view. Inflation will continue to be the overarching macro theme this week, signalling that oil-related stocks will probably continue to outperform along with financials, with the latter further fuelled by inflation expectations being baked into speculative positions for sooner-than-expected rate hikes. That said, Big Tech is reporting earnings this week and will likely add to volatility in the S&P500. Focus will be on rising costs, supply chain disruptions and signs of reduced demand. As a result, some limited downside may be due as it becomes clearer that margins and revenue for goods may have been impacted by rising costs.

Sterling's performance against the dollar remains weak when compared to currencies of most major countries that are ahead of the US in tighter monetary policy (AUD, NOK, NZD). Speculation in UK bonds and index swaps suggest that markets have already priced in expectations for an earlier rate hike (10-year gilts advanced through end August and October from 0.57% to 1.14%; swaps tracking the UK's official cash rate shows the implied number of rate hikes by the end of 2021 at 1.40 versus 0.06 in late August). As a result, upside in sterling looks more probable than not, with GBPEUR looking more attractive versus the GBPUSD pair given the dollar's current upward momentum. Downside risk will be in relation to Brexit announcements and a potential deterioration to the UK's economic recovery if the Bank of England do raise rates.

Will gold rise past 1,830 to confirm an uptrend?

Gold has been seeing some upward momentum since the start of October. This is mainly on the back of inflation concerns, in our view, as traders look for inflation hedges amid expectations for higher pricing pressures to be sustained through at least the first half of 2022. There are some warning signs that a breakout higher in the yellow metal may be due after being range bound for the most part in Q3. A support zone to look out for is the 1,670-1,690 band for a signal that bears still have a longer-term control over the precious metal, while a breakout past 1,830 could confirm an uptrend reversal.

Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

DATA WATCH



Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	16:00	EUR	Germany IFO Business Climate
Tue	22:00	USD	United States New Home Sales
	22:00	USD	United States Conf. Board Consumer Confidence
Wed	19:00	USD	United States MBA Mortgage Applications
	20:30	USD	United States Durable Goods Orders
	22:00	CAD	Canada Bank of Canada Rate Decision
Thu	15:55	EUR	Germany Unemployment Claims Rate SA
	19:45	EUR	Eurozone ECB Main Refinancing Rate
	20:30	EUR	ECB President Lagarde's Post-Meeting Press Conf.
	20:30	USD	United States Initial Jobless Claims
	20:30	USD	United States GDP Annualized QoQ
	10:00	JPY	Japan BOJ Policy Balance Rate
Fri	07:30	JPY	Japan Tokyo CPI Ex-Fresh Food YoY
	07:30	JPY	Japan Jobless Rate
	07:50	JPY	Japan Industrial Production MoM
	08:30	AUD	Australia Retail Sales MoM
	17:00	EUR	Eurozone GDP SA QoQ
	17:00	EUR	Eurozone GDP SA 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	4,544.90	1.64%	5.51%	5.51%	21.00%
DJ Industrial Average	35,677.02	1.08%	5.42%	5.42%	16.57%
Nasdaq	15,355.07	1.37%	4.53%	4.53%	19.14%
Euro Stoxx 50	4,188.81	0.14%	3.48%	3.48%	17.91%
MSCI EAFE Small Cap	320.21	0.48%	1.95%	1.95%	10.39%
FTSE 100	7,204.55	-0.41%	1.67%	1.67%	11.52%
DAX	15,542.98	-0.28%	1.85%	1.85%	13.30%
CAC 40	6,733.69	0.09%	3.28%	3.28%	21.30%
Hang Seng	26,126.93	3.14%	6.31%	6.31%	-4.05%
MSCI World	3,151.16	1.34%	4.81%	4.81%	17.14%
ASX 200	7,415.48	0.73%	1.14%	1.14%	12.58%
NIKKEI	28,804.85	-0.91%	-2.20%	-2.20%	4.96%
CSI 300	4,959.10	0.56%	1.75%	1.75%	-4.46%
China A50	16,187.32	0.97%	4.37%	4.37%	-8.22%
TWSE	16,887.82	0.64%	-0.27%	-0.27%	14.64%
Fixed Income					
Barclays Aggregate	534.63	-0.13%	-0.26%	-0.26%	-4.31%
Barclays Euro Aggregate	267.85	-0.40%	-0.45%	-0.45%	-2.73%
Barclays US High Yield	2,437.76	-0.08%	-0.26%	-0.26%	4.26%
Barclays Euro High Yield	435.72	-0.23%	-0.49%	-0.49%	3.70%
Barclays TIPS	128.76	0.16%	0.84%	0.84%	0.87%
JPM EMBI Global Divers	976.68	-0.37%	-0.50%	-0.50%	-1.86%
Other					
DJ US Real Estate	426.60	2.70%	7.40%	7.40%	27.38%
S&P GSCI	590.06	-0.28%	5.80%	5.80%	44.11%
US Dollar Index	93.64	-0.31%	-0.62%	-0.62%	4.12%
VIX	15.43	-5.34%	-33.32%	-33.32%	-32.18%

Commodities

	Latest Price	30/9/21	31/8/21	31/7/21	31/12/20
Prices					
WTI Oil (\$/barrel)	83.76	75.03	68.50	73.95	48.52
Brent Oil (\$/barrel)	85.53	78.52	72.99	76.33	51.80
Gold (\$/oz)	1,792.65	1,756.95	1,813.62	1,814.19	1,898.36
Silver (\$/oz)	24.32	22.17	23.89	25.49	26.40
Copper	4.50	4.09	4.36	4.48	3.52
Corn	5.38	5.37	5.34	5.47	4.84
Coffee	2.00	1.94	1.93	1.80	1.28
Natural Gas	5.28	5.87	4.38	3.91	2.54

Currencies

	Latest Price	30/9/21	31/8/21	31/7/21	31/12/20
Prices					
EURUSD	1.1643	1.1580	1.1809	1.1870	1.2216
GBPUSD	1.3755	1.3474	1.3755	1.3904	1.3670
USDJPY	113.50	111.29	110.02	109.72	103.25
USDCHF	0.9158	0.9317	0.9151	0.9059	0.8852
USDCAD	1.2366	1.2680	1.2616	1.2475	1.2725
AUDUSD	0.7466	0.7227	0.7316	0.7344	0.7694
NZDUSD	0.7157	0.6899	0.7045	0.6974	0.7184
USDCNH	6.3837	6.4492	6.4542	6.4633	6.5028

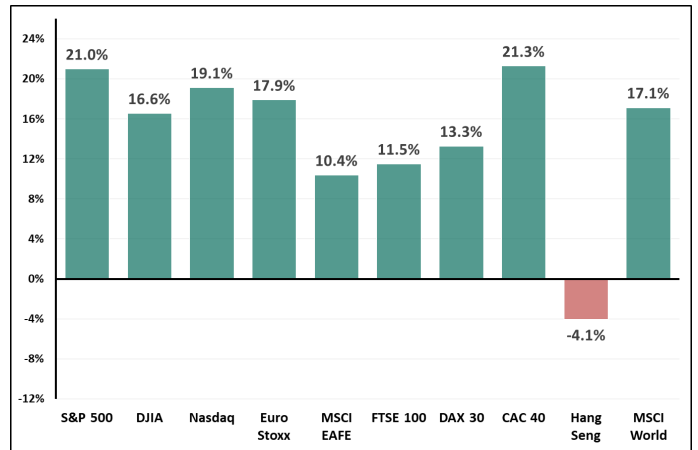
Crypto

	Latest Price	30/9/21	31/8/21	31/7/21	31/12/20
Prices					
BTC/USD	60,726.01	43,436.35	47,008.53	40,689.27	28,996.28
XRP/USD	1.09	0.94	1.18	0.75	0.22
LTC/USD	192.29	151.24	171.88	142.42	124.11
DSH/USD	195.56	163.33	222.91	160.74	99.30

Rates & Spreads

	Latest Rate	30/9/21	31/8/21	31/7/21	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%	0.13%	0.12%	0.12%	0.24%
US Treasuries 2 Year	0.45%	0.28%	0.21%	0.18%	0.12%
US Treasuries 10 Year	1.63%	1.49%	1.31%	1.22%	0.91%
German Bunds 2 Year	-0.64%	-0.70%	-0.72%	-0.77%	-0.72%
German Bunds 10 Year	-0.11%	-0.20%	-0.39%	-0.46%	-0.57%
Japan Gov't Bonds 10 Year	0.09%	0.07%	0.02%	0.02%	0.02%
UK Gilts 10 Year	1.15%	1.02%	0.71%	0.57%	0.20%
Swiss Gov't Bonds 10 Year	-0.06%	-0.18%	-0.35%	-0.40%	-0.58%

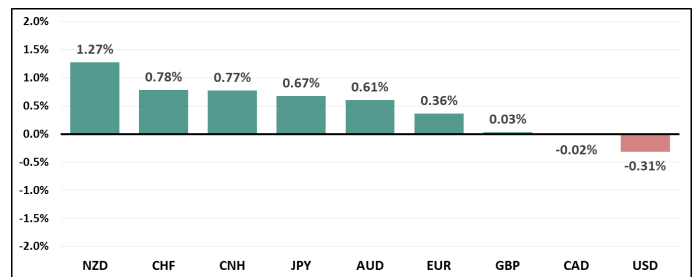
Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 22-Oct-21

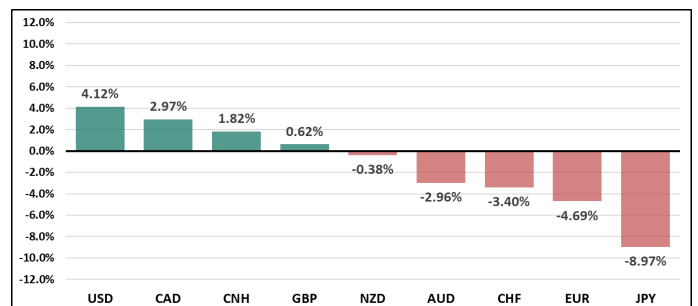
Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 22-Oct-21

Global Currency Returns (YTD)



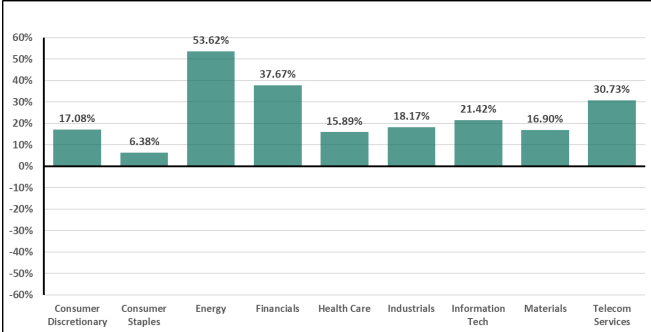
Source: ADSS, Bloomberg

As of 22-Oct-21



WEEKLY MARKET SNAPSHOT

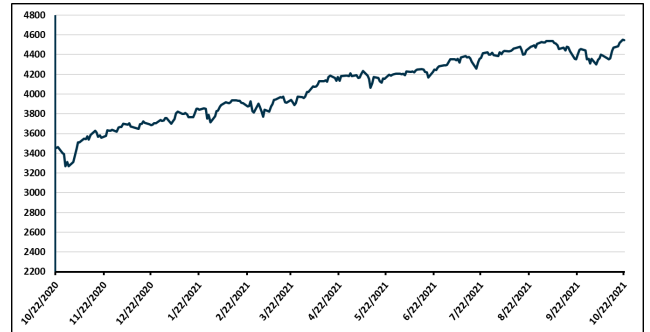
S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 22-Oct-21

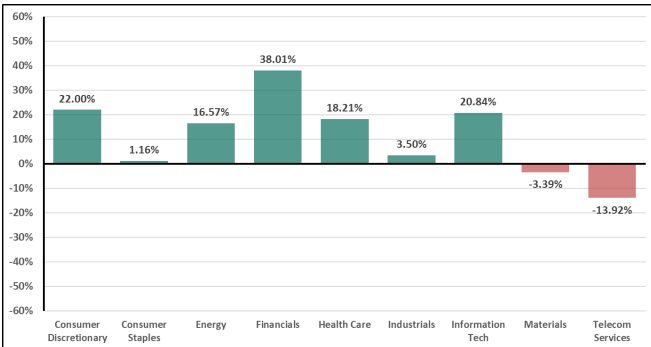
S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 22-Oct-21

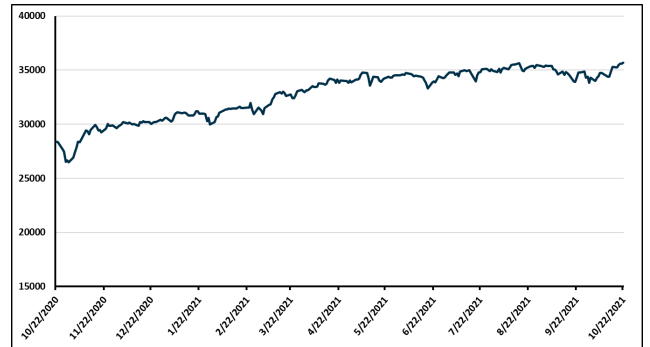
Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 22-Oct-21

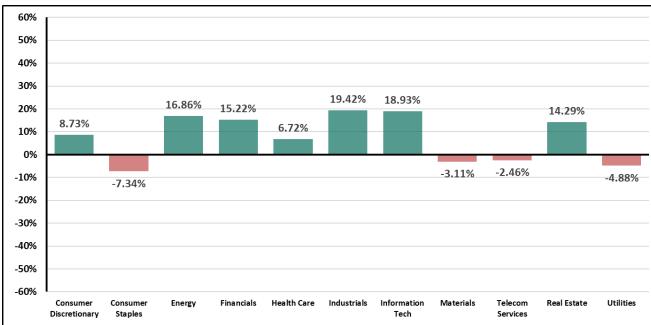
Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 22-Oct-21

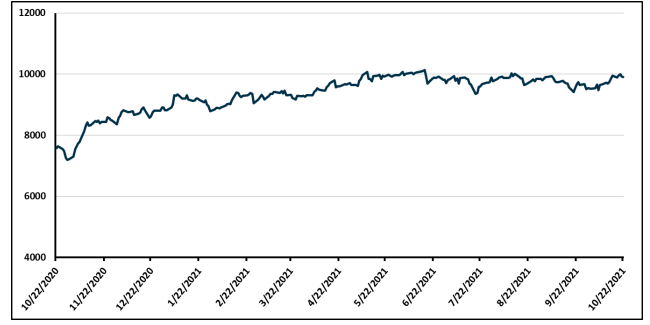
FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 22-Oct-21

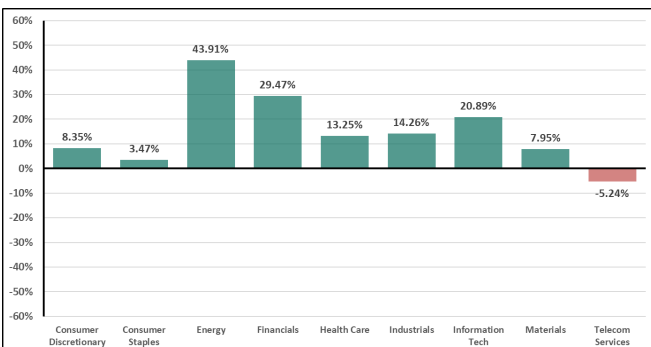
FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 22-Oct-21

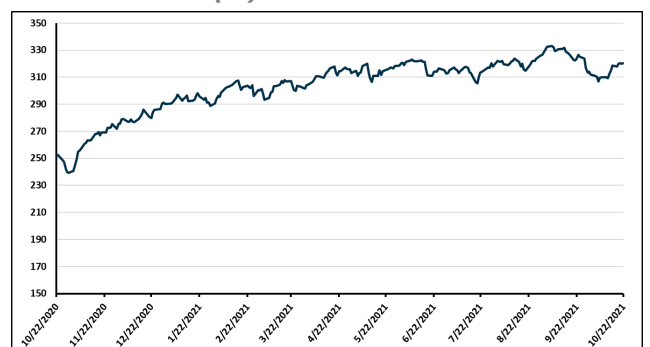
MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 22-Oct-21

MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 22-Oct-21



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