



MARKET CONNECT

Top things to know for the week ahead



How will the new variant impact US equities?

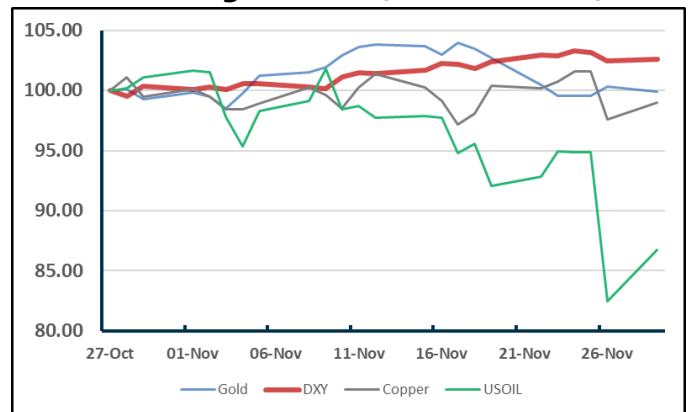
Prior to news of the new variant, the main driver for equities was the Fed's shift in tone towards inflation. While the new variant will likely continue to somewhat weigh on sentiment at least early this week, it will be difficult to speculate on the actual impact it will have on the global economy due to investigations being only in early stages. This means that volatility is likely to continue in the near future. The worst-case scenario is that the new variant shows resilience to mRNA vaccines due to the variations in targeted spike proteins. The short-to-medium-term outlook for equities in that case is likely to still only be limited weakness in since there will still be a subset of sectors that can outperform in that environment. That implies that the economic recovery has not been completely derailed and instead may only slow down (similar to when the delta variant was discovered). There is also the other question whether vaccines using more traditional methods (Johnson & Johnson, AstraZeneca, etc) will perform similarly to before, which should further reduce the risk of a derailment. That signals that putting on some downside protection is likely the preferred choice to mitigate risk in relation to the discovery of the omicron variant.

With the bulk of companies in the US having reported Q3 earnings, the downward shift in guidance for Q4 is signalling that valuations may have more room to fall. The ratio of positive to negative guidance for revenue for the current quarter reversed down to 1.5:1, the first time since the end of the short-lived 2020 recession. That suggests that demand has shown signs of peaking and normalisation should be due. Add to that the reduction in net income forecasts, and we are likely looking at a rockier road ahead for equities (margin estimates for Q4 2021 fell from 12.9% to 12.6%).

Will OPEC+ keep its planned production hikes?

At current prices, it looks more unlikely for OPEC+ to hike production in January at the earlier planned level of 400,000 barrels a day. While reports suggesting that symptoms linked to the new variant has been mild so far helped eased negative sentiment, OPEC+ will likely be more inclined to reiterate its cautious approach after the recent announcements from several major countries on the release of strategic reserves. That said, it does seem more likely that the coalition will reduce that figure instead of completely reverse its earlier plans. This suggests that USOIL will probably continue to hold above its 200-day moving average.

Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

DATA WATCH



Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Tue	04:15	USD	United States Fed's Hassan moderates panel
	07:30	JPY	Japan Jobless Rate
	07:50	JPY	Japan Industrial Production MoM
	08:30	AUD	Australia Building Approvals MoM
	09:00	CNY	China Manufacturing PMI
	16:55	EUR	Germany Unemployment Claims Rate SA
	23:00	USD	United States Conf. Board Consumer Confidence
Wed	08:30	AUD	Australia GDP SA QoQ
	20:00	USD	United States MBA Mortgage Applications
	23:00	USD	United States ISM Manufacturing
Thu	18:00	EUR	Eurozone Unemployment Rate
	21:30	USD	United States Initial Jobless Claims
Fri	21:30	USD	United States Change in Nonfarm Payrolls
	21:30	CAD	Canada Unemployment Rate
	21:30	CAD	Canada Participation Rate
	21:30	CAD	Canada Hourly Wage Rate Permanent Employees YoY
	21:30	USD	United States Unemployment Rate
	21:30	USD	United States Labor Force Participation Rate
	21:30	USD	United States Underemployment Rate



WEEKLY MARKET SNAPSHOT

Index Returns

	Latest Price	1 week	MTD	QTD	YTD
Equities					
S&P 500	4,594.62	-2.20%	-0.23%	6.66%	22.33%
DJ Industrial Average	34,899.34	-1.97%	-2.57%	3.12%	14.03%
Nasdaq	16,025.58	-3.31%	1.10%	9.09%	24.34%
Euro Stoxx 50	4,089.58	-6.13%	-3.79%	1.03%	15.11%
MSCI EAFE Small Cap	304.64	-3.96%	-4.42%	-3.01%	5.02%
FTSE 100	7,044.03	-2.49%	-2.67%	-0.60%	9.03%
DAX	15,257.04	-5.59%	-2.75%	-0.02%	11.21%
CAC 40	6,739.73	-5.24%	-1.33%	3.37%	21.41%
Hang Seng	24,080.52	-3.87%	-5.11%	-2.01%	-11.57%
MSCI World	3,131.98	-2.73%	-1.35%	4.17%	16.43%
ASX 200	7,279.35	-1.58%	-0.61%	-0.72%	10.51%
NIKKEI	28,751.62	-3.34%	-0.49%	-2.38%	4.76%
CSI 300	4,863.70	-0.56%	-0.99%	-0.21%	-6.30%
China A50	15,499.64	-0.80%	-2.48%	-0.07%	-12.12%
TWSE	17,642.52	-0.99%	2.25%	2.57%	17.90%
Fixed Income					
Barclays Aggregate	533.26	-0.03%	-0.28%	-0.52%	-4.56%
Barclays Euro Aggregate	270.36	-0.34%	1.10%	0.48%	-1.82%
Barclays US High Yield	2,410.75	-1.17%	-1.19%	-1.36%	3.11%
Barclays Euro High Yield	433.93	-0.92%	-0.48%	-0.90%	3.27%
Barclays TIPS	129.84	-0.39%	0.91%	1.68%	1.72%
JPM EMBI Global Divers	962.89	-1.71%	-1.93%	-1.91%	-3.24%
Other					
DJ US Real Estate	419.80	-1.27%	-1.25%	5.69%	25.35%
S&P GSCI	539.93	-4.80%	-8.21%	-3.19%	31.86%
US Dollar Index	96.09	0.06%	2.09%	1.97%	6.84%
VIX	28.62	59.80%	76.01%	23.68%	25.80%

Commodities

	Latest Price	31/10/21	30/9/21	31/7/21	31/12/20
Prices					
WTI Oil (\$/barrel)	68.15	83.57	75.03	73.95	48.52
Brent Oil (\$/barrel)	72.72	84.38	78.52	76.33	51.80
Gold (\$/oz)	1,802.59	1,783.38	1,756.95	1,814.19	1,898.36
Silver (\$/oz)	23.16	23.90	22.17	25.49	26.40
Copper	4.28	4.37	4.09	4.48	3.52
Corn	5.87	5.68	5.37	5.47	4.84
Coffee	2.44	2.04	1.94	1.80	1.28
Natural Gas	5.45	5.43	5.87	3.91	2.54

Currencies

	Latest Price	31/10/21	30/9/21	31/7/21	31/12/20
Prices					
EURUSD	1.1317	1.1558	1.1580	1.1870	1.2216
GBPUSD	1.3337	1.3682	1.3474	1.3904	1.3670
USDJPY	113.38	113.95	111.29	109.72	103.25
USDCHF	0.9231	0.9161	0.9317	0.9059	0.8852
USDCAD	1.2791	1.2388	1.2680	1.2475	1.2725
AUDUSD	0.7123	0.7518	0.7227	0.7344	0.7694
NZDUSD	0.6822	0.7171	0.6899	0.6974	0.7184
USDCNH	6.3975	6.4049	6.4492	6.4633	6.5028

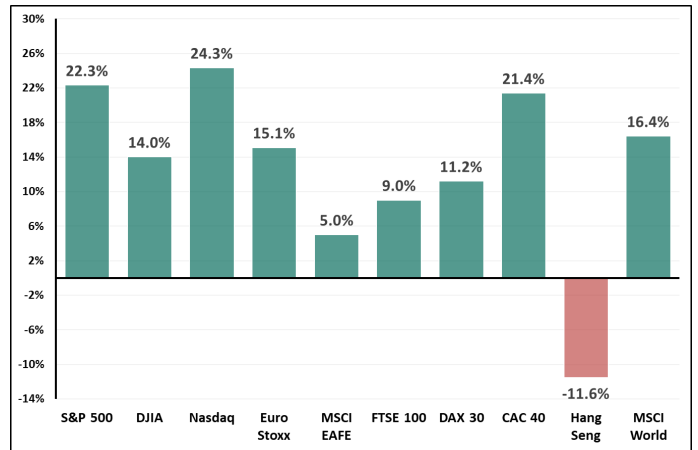
Crypto

	Latest Price	31/10/21	30/9/21	31/7/21	31/12/20
Prices					
BTC/USD	54,019.74	62,395.66	43,436.35	40,689.27	28,996.28
XRP/USD	0.95	1.08	0.94	0.75	0.22
LTC/USD	197.87	194.65	151.24	142.42	124.11
DSH/USD	184.89	187.96	163.33	160.74	99.30

Rates & Spreads

	Latest Rate	31/10/21	30/9/21	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	0.18%	0.13%	0.13%	0.12%	0.24%
US Treasuries 2 Year	0.50%	0.50%	0.28%	0.18%	0.12%
US Treasuries 10 Year	1.47%	1.55%	1.49%	1.22%	0.91%
German Bunds 2 Year	-0.77%	-0.59%	-0.70%	-0.77%	-0.72%
German Bunds 10 Year	-0.34%	-0.11%	-0.20%	-0.46%	-0.57%
Japan Gov't Bonds 10 Year	0.07%	0.09%	0.07%	0.02%	0.02%
UK Gilts 10 Year	0.83%	1.03%	1.02%	0.57%	0.20%
Swiss Gov't Bonds 10 Year	-0.26%	-0.06%	-0.18%	-0.40%	-0.58%

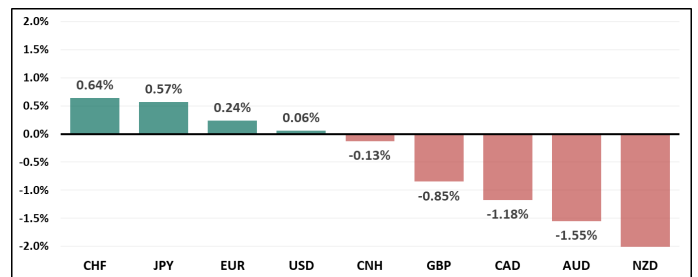
Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 26-Nov-21

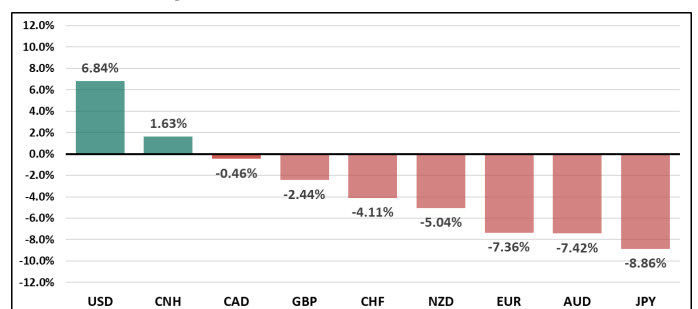
Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 26-Nov-21

Global Currency Returns (YTD)



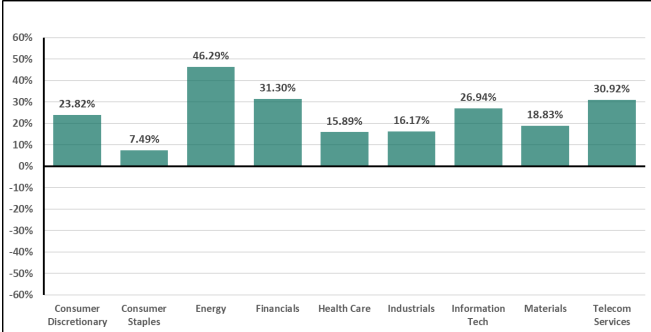
Source: ADSS, Bloomberg

As of 26-Nov-21



WEEKLY MARKET SNAPSHOT

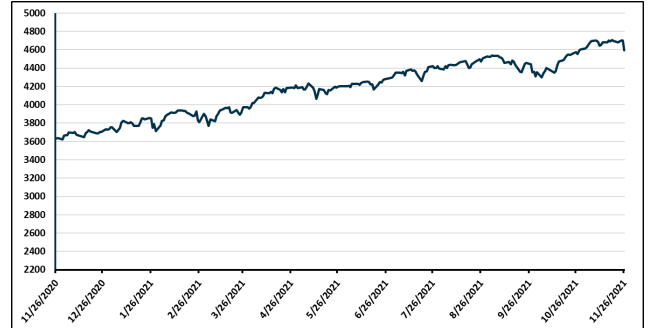
S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 26-Nov-21

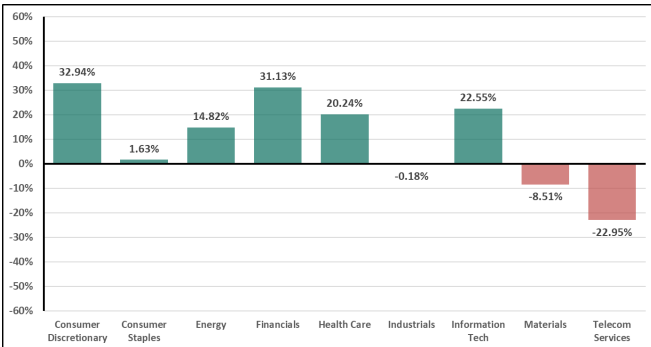
S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 26-Nov-21

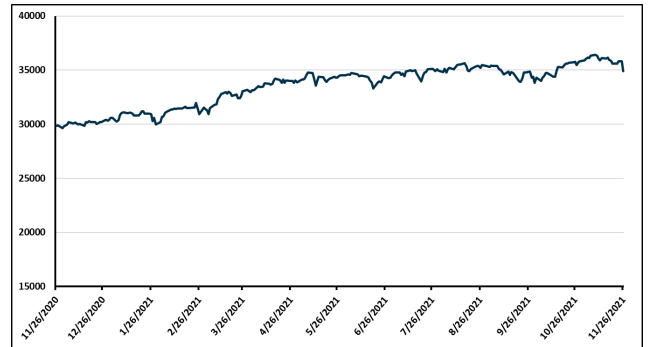
Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

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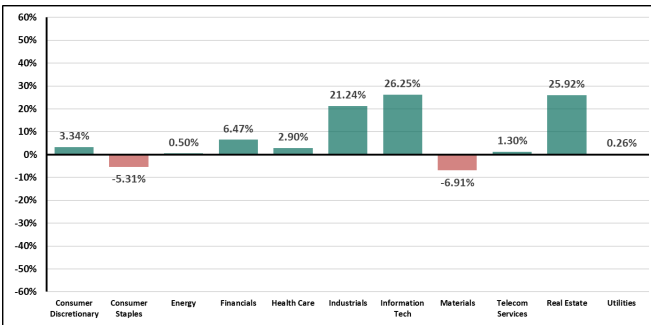
Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 26-Nov-21

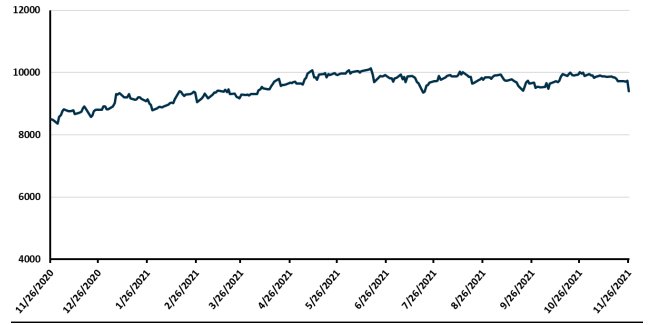
FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

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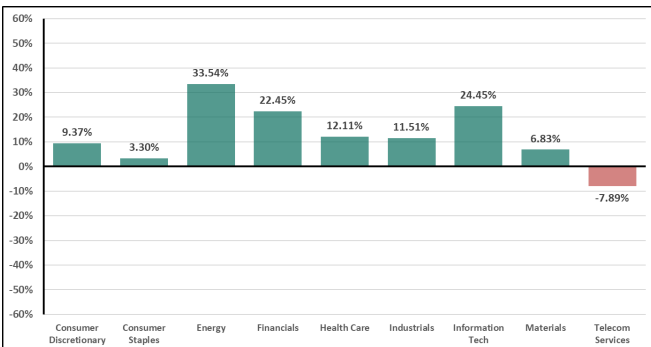
FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 26-Nov-21

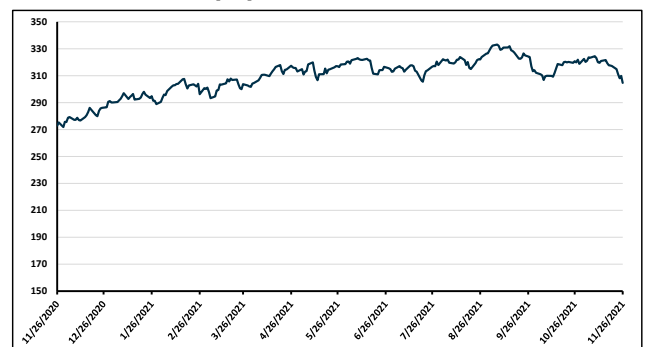
MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 26-Nov-21

MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 26-Nov-21



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