



# MARKET CONNECT

Top things to know for the week ahead



## Will the Fed meet market expectations?

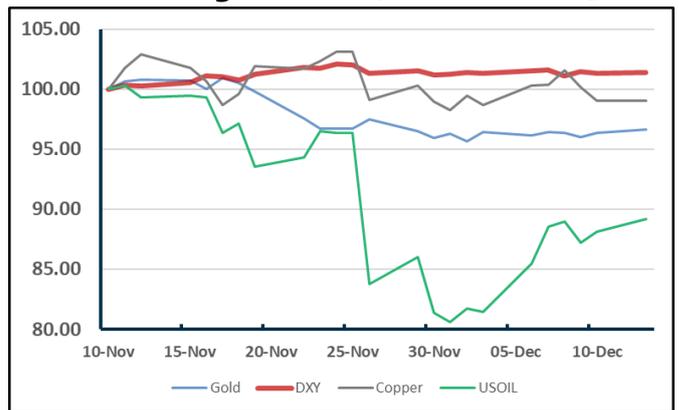
The Fed's hawkish shift will be the highlight of the week as market participants will be focused on the pace of asset purchases and the Fed's updated dot plot for the outlook of rates in 2022. For asset purchase tapering, the question is how fast the Fed will need flexibility in raising rates, since it has signalled that rate hikes are more likely to come after quantitative easing has been fully pulled back. The current pace would mean that tapering would be completed at about mid-2022. Given the shift in tone from dovish officials, we think it is more likely that it will be doubled to US\$30 billion a month starting in January to ensure that the completion will come by the end of Q1 2022.

**The dot plot will see the most drastic change.** Back in September, exactly half of the 18 Fed officials did not see any rate hikes next year as necessary while three saw the need for two. That is set to change, and markets are already expecting at least two rate hikes through 2022 with about a 66% chance of a third. We think that the updated plot will show the median official expecting two rate hikes in 2022, with all nine Fed's that didn't see any rate hikes in September shifting their view to at least one as appropriate with some of those nine shifting further up the curve. This may mean that upside could be limited for the greenback since the Fed has to meet market expectations, which are already elevated. As a result, while we do see DXY gaining some momentum on the back of the Fed's hawkish shift, a breakout higher may prove to be difficult and limited to below the 97.72 retracement level (since the March 2020 peak). For equities, we may see some downward pressure on valuations as a result of the affirmation of expectations for tighter policy due to the stronger possibility of reaching the Fed's terminal rate of 2.50%.

## Sideways trading looks more likely for USOIL

USOIL's recovery looks likely to slow with little upside catalysts ahead. USOIL rose back above the 200-day moving average last week as early data pointed to the omicron variant being less lethal than other variants of the virus. Indications from OPEC+ that it remains flexible and nimble in its decisions for crude production is also helping prices remain on an overall upward trajectory. That said, it does appear that crude may be due to see more consolidation, which might mean more sideways trading in the short-term in the US\$70-US\$73 range as traders adopt a more wait-and-see approach on omicron and central bank policy.

## 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	15:00	GBP	United Kingdom Claimant Count Rate
	15:00	GBP	United Kingdom ILO Unemployment Rate 3Mths
Wed	10:00	CNY	China Surveyed Jobless Rate
	15:00	GBP	United Kingdom CPI Core YoY
Thu	03:00	USD	United States FOMC Rate Decision (Lower Bound)
	03:00	USD	United States Interest on Reserve Balances Rate
	03:30	USD	Fed Chair Powell's Post Meeting Press Conf.
	08:30	AUD	Australia Unemployment Rate
	08:30	AUD	Australia Participation Rate
	16:30	CHF	Switzerland SNB Policy Rate
	16:30	CHF	Switzerland SNB Sight Deposit Interest Rate
	20:00	GBP	United Kingdom Bank of England Bank Rate
	20:45	EUR	Eurozone ECB Main Refinancing Rate
	21:30	EUR	ECB President Lagarde's Post Meeting Press Conf.
Fri	21:30	USD	United States Initial Jobless Claims
	17:00	EUR	Germany IFO Business Climate
	11:00	JPY	Japan BOJ Policy Balance Rate
	14:00	JPY	BOJ Governor Kuroda Post Meeting Press Conf.



# WEEKLY MARKET SNAPSHOT

## Index Returns

	Latest Price	1 week	MTD	QTD	YTD
<b>Equities</b>					
S&P 500	4,712.02	3.82%	3.18%	9.39%	25.45%
DJ Industrial Average	35,970.99	4.02%	4.31%	6.28%	17.53%
Nasdaq	16,331.98	3.95%	1.22%	11.18%	26.72%
Euro Stoxx 50	4,199.16	2.92%	3.35%	3.73%	18.20%
MSCI EAFE Small Cap	306.24	1.96%	1.86%	-2.50%	5.57%
FTSE 100	7,291.78	2.38%	3.29%	2.90%	12.87%
DAX	15,623.31	2.99%	3.46%	2.38%	13.88%
CAC 40	6,991.68	3.34%	4.02%	7.23%	25.94%
Hang Seng	23,995.72	0.96%	2.22%	-2.36%	-11.88%
MSCI World	3,188.26	3.30%	2.79%	6.04%	18.52%
ASX 200	7,353.51	1.55%	1.34%	0.29%	11.64%
NIKKEI	28,437.77	1.46%	2.21%	-3.45%	3.62%
CSI 300	5,060.20	3.29%	4.57%	3.82%	-2.52%
China A50	16,300.19	4.49%	5.97%	5.09%	-7.58%
TWSE	17,832.42	0.76%	2.29%	5.26%	21.00%
<b>Fixed Income</b>					
Barclays Aggregate	534.00	-0.17%	0.16%	-0.38%	-4.42%
Barclays Euro Aggregate	271.35	-0.03%	0.22%	0.85%	-1.46%
Barclays US High Yield	2,441.87	0.65%	1.06%	-0.09%	4.44%
Barclays Euro High Yield	436.56	0.35%	0.70%	-0.30%	3.90%
Barclays TIPS	128.58	-0.88%	-0.83%	0.70%	0.73%
JPM EMBI Global Divers	978.37	0.49%	1.51%	-0.33%	-1.69%
<b>Other</b>					
DJ US Real Estate	430.90	2.67%	3.73%	8.48%	28.67%
S&P GSCI	544.33	3.65%	4.19%	-2.40%	32.94%
US Dollar Index	96.10	-0.02%	0.11%	1.98%	6.85%
VIX	18.69	-39.06%	-31.26%	-19.23%	-17.85%

## Commodities

	Latest Price	30/11/21	31/10/21	30/9/21	31/12/20
<b>Prices</b>					
WTI Oil (\$/barrel)	71.67	66.18	83.57	75.03	48.52
Brent Oil (\$/barrel)	75.15	70.57	84.38	78.52	51.80
Gold (\$/oz)	1,782.84	1,774.52	1,783.38	1,756.95	1,898.36
Silver (\$/oz)	22.20	22.84	23.90	22.17	26.40
Copper	4.28	4.28	4.37	4.09	3.52
Corn	5.89	5.67	5.68	5.37	4.84
Coffee	2.33	2.33	2.04	1.94	1.28
Natural Gas	4.13	4.57	5.43	5.87	2.54

## Currencies

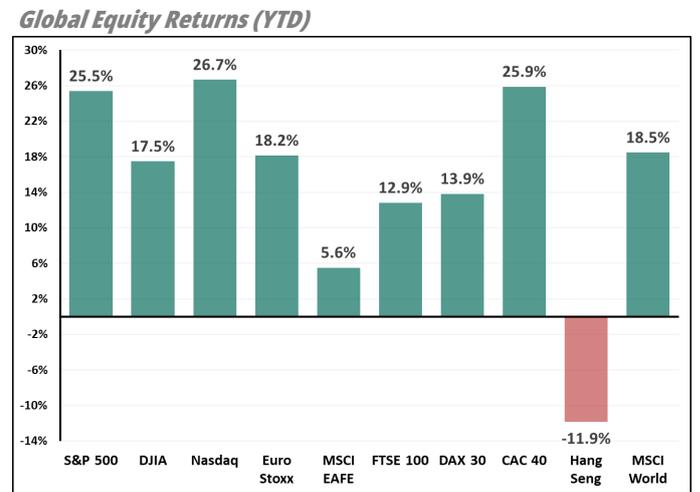
	Latest Price	30/11/21	31/10/21	30/9/21	31/12/20
<b>Prices</b>					
EURUSD	1.1313	1.1338	1.1558	1.1580	1.2216
GBPUSD	1.3273	1.3299	1.3682	1.3474	1.3670
USDJPY	113.44	113.17	113.95	111.29	103.25
USDCHF	0.9213	0.9189	0.9161	0.9317	0.8852
USDCAD	1.2722	1.2779	1.2388	1.2680	1.2725
AUDUSD	0.7172	0.7127	0.7518	0.7227	0.7694
NZDUSD	0.6796	0.6822	0.7171	0.6899	0.7184
USDCNH	6.3748	6.3671	6.4049	6.4492	6.5028

## Crypto

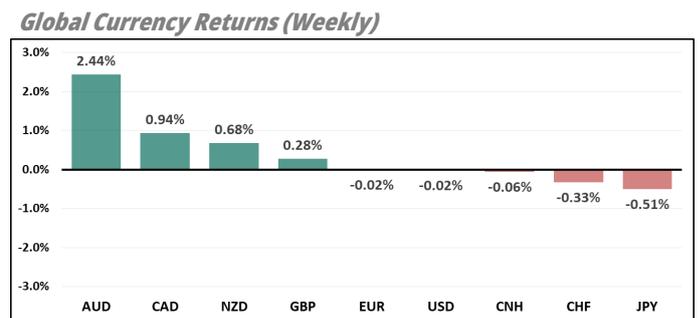
	Latest Price	30/11/21	31/10/21	30/9/21	31/12/20
<b>Prices</b>					
BTC/USD	47,952.18	57,138.67	62,395.66	43,436.35	28,996.28
XRP/USD	0.83	1.00	1.08	0.94	0.22
LTC/USD	152.87	209.26	194.65	151.24	124.11
DSH/USD	168.35	179.89	187.96	163.33	99.30

## Rates & Spreads

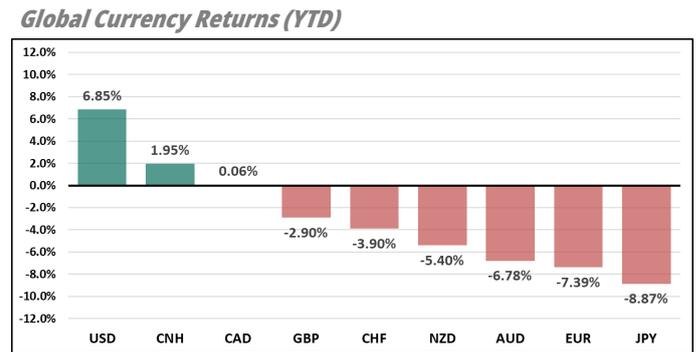
	Latest Rate	30/11/21	31/10/21	30/9/21	31/12/20
<b>Rates</b>					
Fed Funds Target	0.25%	0.25%	0.25%	0.25%	0.25%
ECB Depo Rate	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
3 Month US Dollar Libor	0.20%	0.17%	0.13%	0.13%	0.24%
US Treasuries 2 Year	0.65%	0.57%	0.50%	0.28%	0.12%
US Treasuries 10 Year	1.48%	1.44%	1.55%	1.49%	0.91%
German Bunds 2 Year	-0.70%	-0.75%	-0.59%	-0.70%	-0.72%
German Bunds 10 Year	-0.35%	-0.35%	-0.11%	-0.20%	-0.57%
Japan Gov't Bonds 10 Year	0.05%	0.05%	0.09%	0.07%	0.02%
UK Gilts 10 Year	0.74%	0.81%	1.03%	1.02%	0.20%
Swiss Gov't Bonds 10 Year	-0.33%	-0.26%	-0.06%	-0.18%	-0.58%



Source: ADSS, Bloomberg As of 10-Dec-21



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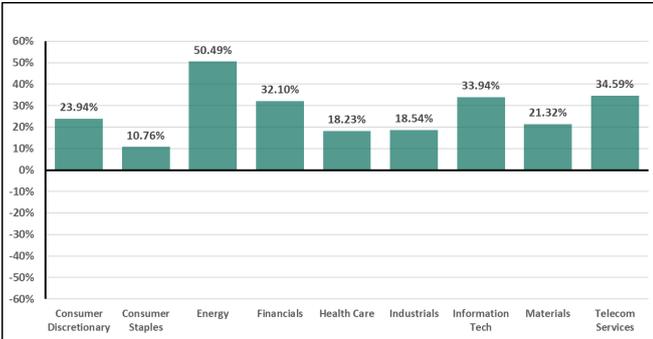


Source: ADSS, Bloomberg As of 10-Dec-21



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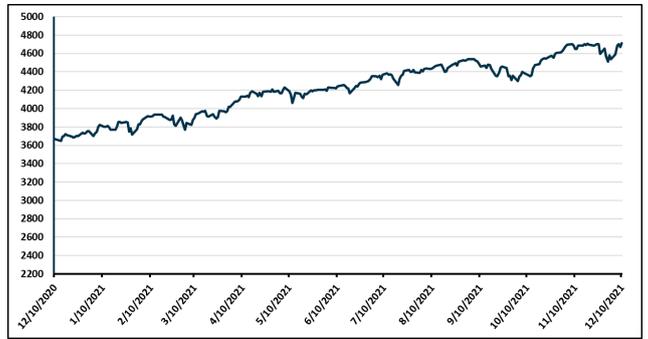
## S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Dec-21

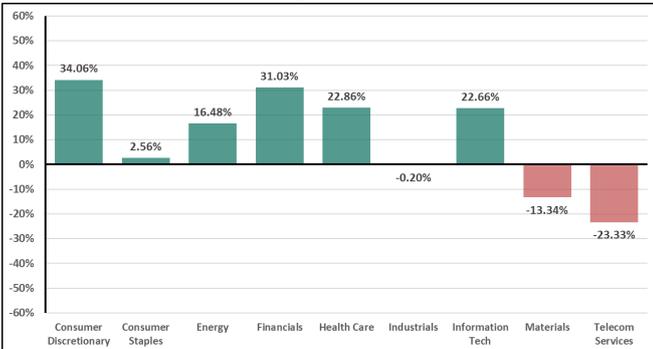
## S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 10-Dec-21

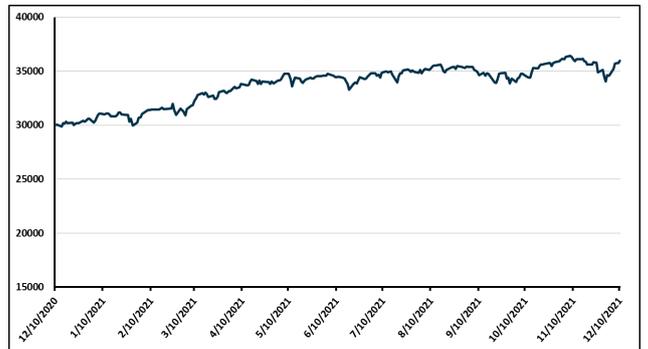
## Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Dec-21

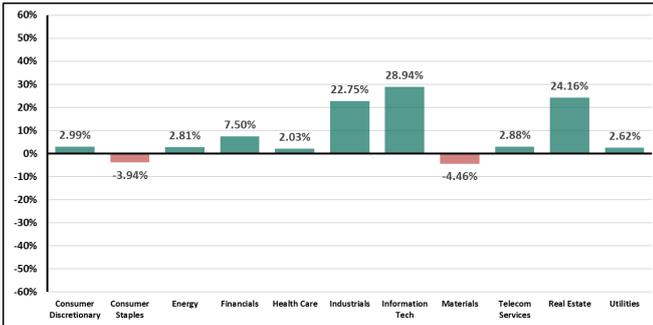
## Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 10-Dec-21

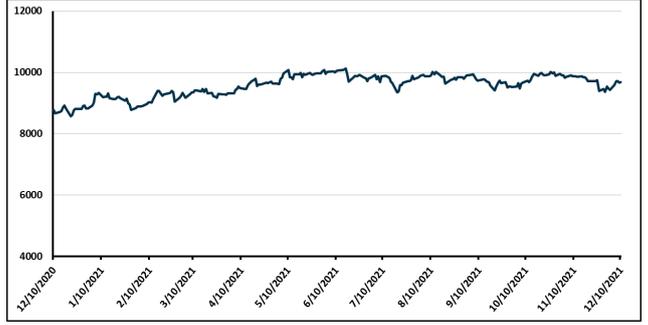
## FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Dec-21

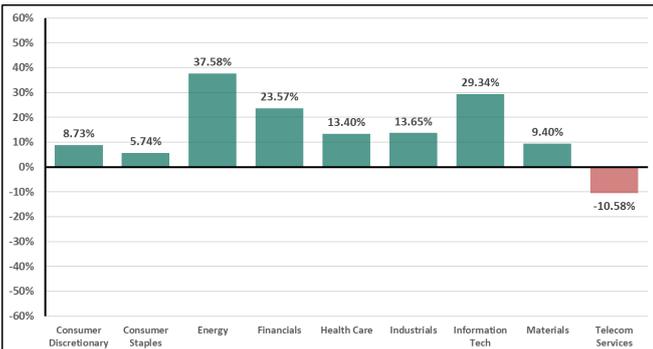
## FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 10-Dec-21

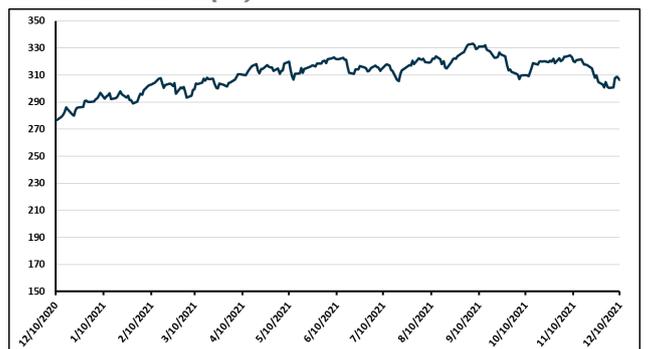
## MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 10-Dec-21

## MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 10-Dec-21



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