



# MARKET CONNECT

Top things to know for the week ahead



## Will the Fed reaffirm its hawkish outlook?

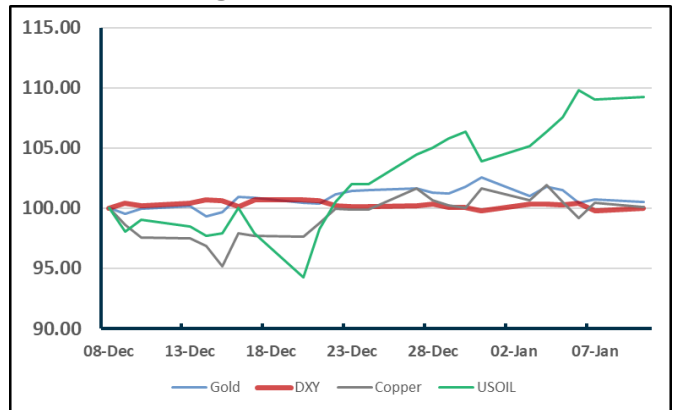
Headwinds for US equities seem likely to persist this week if investors keep their focus on a quicker-than-expected normalisation in Fed policy. Last week's jobs report showed little slowdown in payrolls being added to the economy despite coming in below expectations. In addition, December's jobless rate dipped below the Fed's expectations for sustainable long-run unemployment. Both metrics suggests that the labour market is unlikely to constrain the Fed's tightening cycle. Consequently, testimonials from Fed Chair Jerome Powell and incoming Vice Chairwoman Lael Brainard during the week is more probable to place more emphasis on reigning in inflationary pressure instead of labour market slack. Investors will be more focused on Brainard's testimonial since it follows the release of CPI and PPI data in the US and because she is among the more dovish members of the FOMC. As a result, growth stocks may see more downside in the short-term as it reaffirms that Fed officials are more hawkish on policy than was previously seen during December.

The S&P500 may extend losses this week if we see a broader selloff. Given that most of the weakness since the release of the FOMC's meeting minutes has been on growth stocks, a persistent inflationary reading in December's CPI figures and a reaffirmation of the Fed's more hawkish outlook may result in additional downward pressure on the broader equities market. It may be that we will see a retest of the support zone closer to 4,550 in the short-to-medium-term. That said, the current economic environment continues to signal that selective strategies are more likely to outperform, most notably in the financial sector, along with higher growth companies with the ability to generate positive free cash flow without a high cost on top line growth.

## Is there room for consolidation in USOIL?

USOIL may be due for some downward regressive action after outperforming over the past three weeks. That said, downside looks likely to be limited in the short-term as supply headwinds help boost sentiment for crude oil prices. A key issue on the supply side for crude is OPEC+ members unable to collectively reach the 400,000 barrel a day hike that was agreed for the month of December. We may see some resistance at the current level as result of consolidatory moves from the market, though we think that there is a higher likelihood of USOIL breaking past the US\$80.74 resistance.

## Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

## DATA WATCH



Day	Time (GMT +8:00)	Related Currency	Events/Indicators
Mon	08:30	AUD	Australia Building Approvals MoM
	18:00	EUR	Eurozone Unemployment Rate
Tue	08:30	AUD	Australia Trade Balance
	08:30	AUD	Australia Retail Sales MoM
Wed	-	CNY	China Money Supply M2 YoY
	07:50	JPY	Japan BoP Current Account Balance
	09:30	CNY	China PPI YoY
	09:30	CNY	China CPI YoY
	20:00	USD	United States MBA Mortgage Applications
	21:30	USD	United States CPI MoM
Thu	21:30	USD	United States PPI Final Demand MoM
	-	CNY	China 1-Yr Medium-Term Lending Facility Rate
Fri	07:50	JPY	Japan PPI YoY
	08:30	AUD	Australia Home Loans Value MoM
	15:00	GBP	United Kingdom Industrial Production MoM
	15:00	GBP	United Kingdom Manufacturing Production MoM
	21:30	USD	United States Retail Sales Advance MoM
	22:15	USD	United States Industrial Production MoM
	23:00	USD	United States U. of Mich. Sentiment



# WEEKLY MARKET SNAPSHOT

Index Returns					
	Latest Price	1 week	MTD	QTD	YTD
<b>Equities</b>					
S&P 500	4,677.03	-1.87%	-1.87%	-1.87%	-1.87%
DJ Industrial Average	36,231.66	-0.29%	-0.29%	-0.29%	-0.29%
Nasdaq	15,592.19	-4.46%	-4.46%	-4.46%	-4.46%
Euro Stoxx 50	4,305.83	0.17%	0.17%	0.17%	0.17%
MSCI EAFE Small Cap	308.90	-1.41%	-1.41%	-1.41%	-1.41%
FTSE 100	7,485.28	1.36%	1.36%	1.36%	1.36%
DAX	15,947.74	0.40%	0.40%	0.40%	0.40%
CAC 40	7,219.48	0.93%	0.93%	0.93%	0.93%
Hang Seng	23,493.38	0.41%	0.41%	0.41%	0.41%
MSCI World	3,177.54	-1.68%	-1.68%	-1.68%	-1.68%
ASX 200	7,453.35	0.12%	0.12%	0.12%	0.12%
NIKKEI	28,478.56	-1.09%	-1.09%	-1.09%	-1.09%
CSI 300	4,827.89	-2.29%	-2.29%	-2.29%	-2.29%
China A50	15,422.18	-1.77%	-1.77%	-1.77%	-1.77%
TWSE	18,499.96	1.54%	-0.27%	-0.27%	-0.27%
<b>Fixed Income</b>					
Barclays Aggregate	526.18	-1.17%	-1.17%	-1.17%	-1.17%
Barclays Euro Aggregate	265.95	-0.58%	-0.58%	-0.58%	-0.58%
Barclays US High Yield	2,438.28	-0.94%	-0.94%	-0.94%	-0.94%
Barclays Euro High Yield	438.65	0.18%	0.18%	0.18%	0.18%
Barclays TIPS	126.23	-2.30%	-2.30%	-2.30%	-2.30%
JPM EMBI Global Divers	962.13	-1.55%	-1.55%	-1.55%	-1.55%
<b>Other</b>					
DJ US Real Estate	431.70	-4.58%	-4.58%	-4.58%	-4.58%
S&P GSCI	578.11	3.02%	3.02%	3.02%	3.02%
US Dollar Index	95.72	0.05%	0.05%	0.05%	0.05%
VIX	18.76	8.94%	8.94%	8.94%	8.94%

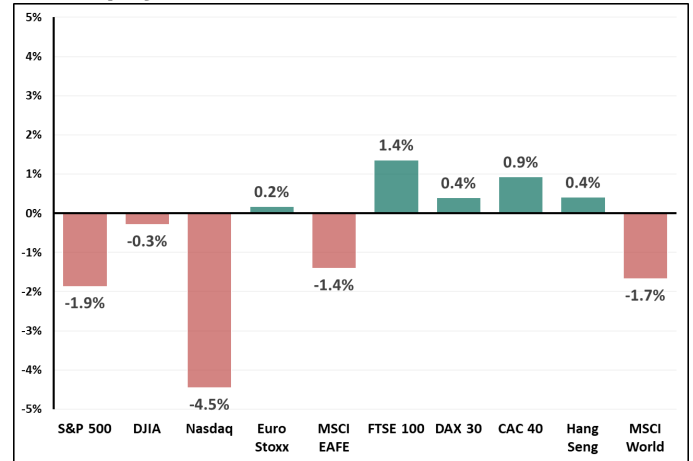
Commodities					
	Latest Price	31/12/21	30/11/21	31/10/21	31/12/20
<b>Prices</b>					
WTI Oil (\$/barrel)	78.90	75.21	66.18	83.57	48.52
Brent Oil (\$/barrel)	81.75	77.78	70.57	84.38	51.80
Gold (\$/oz)	1,796.55	1,829.20	1,774.52	1,783.38	1,898.36
Silver (\$/oz)	22.37	23.31	22.84	23.90	26.40
Copper	4.41	4.46	4.28	4.37	3.52
Corn	6.07	5.93	5.67	5.68	4.84
Coffee	2.38	2.26	2.33	2.04	1.28
Natural Gas	3.92	3.73	4.57	5.43	2.54

Currencies					
	Latest Price	31/12/21	30/11/21	31/10/21	31/12/20
<b>Prices</b>					
EURUSD	1.1360	1.1370	1.1338	1.1558	1.2216
GBPUSD	1.3588	1.3532	1.3299	1.3682	1.3670
USDJPY	115.56	115.08	113.17	113.95	103.25
USDCHF	0.9188	0.9129	0.9189	0.9161	0.8852
USDCAD	1.2643	1.2637	1.2779	1.2388	1.2725
AUDUSD	0.7181	0.7263	0.7127	0.7518	0.7694
NZDUSD	0.6779	0.6826	0.6822	0.7171	0.7184
USDCNH	6.3829	6.3570	6.3671	6.4049	6.5028

Crypto					
	Latest Price	31/12/21	30/11/21	31/10/21	31/12/20
<b>Prices</b>					
BTC/USD	41,881.75	46,333.65	57,138.67	62,395.66	28,996.28
XRP/USD	0.77	0.83	1.00	1.08	0.22
LTC/USD	132.47	146.14	209.26	194.65	124.11
DSH/USD	133.09	133.84	179.89	187.96	99.30

Rates & Spreads					
	Latest Rate	31/12/21	30/11/21	31/10/21	31/12/20
<b>Rates</b>					
Fed Funds Target	0.25%	0.25%	0.25%	0.25%	1.75%
ECB Depo Rate	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
3 Month US Dollar Libor	0.24%	0.21%	0.17%	0.13%	0.24%
US Treasuries 2 Year	0.86%	0.73%	0.57%	0.50%	0.12%
US Treasuries 10 Year	1.76%	1.51%	1.44%	1.55%	0.91%
German Bunds 2 Year	-0.60%	-0.64%	-0.75%	-0.59%	-0.72%
German Bunds 10 Year	-0.05%	-0.18%	-0.35%	-0.11%	-0.57%
Japan Gov't Bonds 10 Year	0.14%	0.07%	0.05%	0.09%	0.02%
UK Gilts 10 Year	1.18%	0.97%	0.81%	1.03%	0.20%
Swiss Gov't Bonds 10 Year	-0.01%	-0.15%	-0.26%	-0.06%	-0.58%

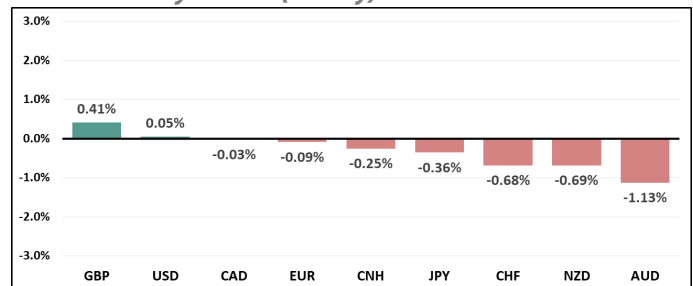
### Global Equity Returns (YTD)



Source: ADSS, Bloomberg

As of 7-Jan-22

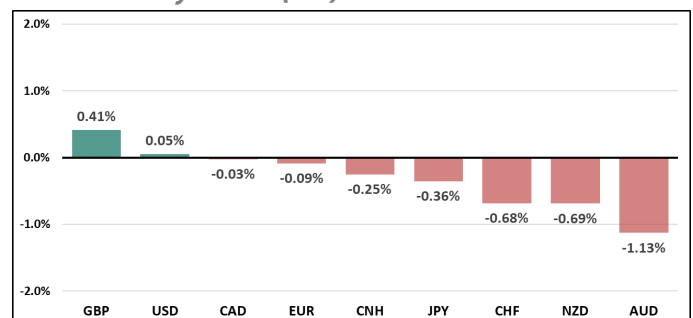
### Global Currency Returns (Weekly)



Source: ADSS, Bloomberg

As of 7-Jan-22

### Global Currency Returns (YTD)



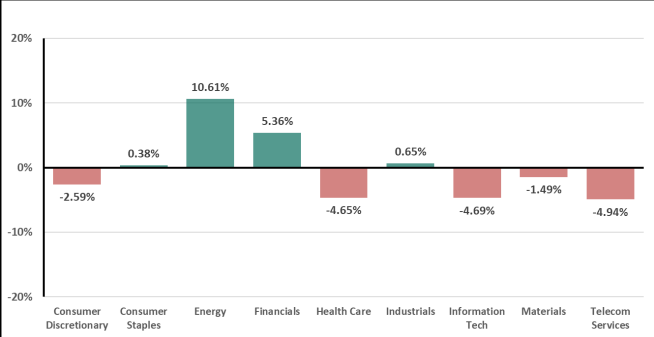
Source: ADSS, Bloomberg

As of 7-Jan-22



# WEEKLY MARKET SNAPSHOT

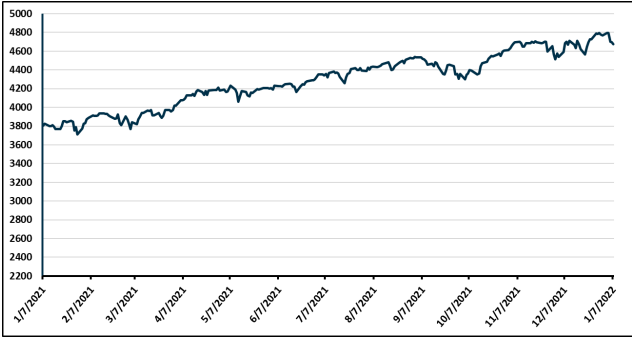
## S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 7-Jan-22

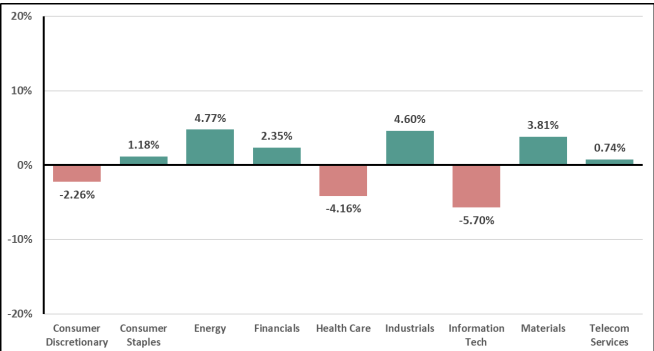
## S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 7-Jan-22

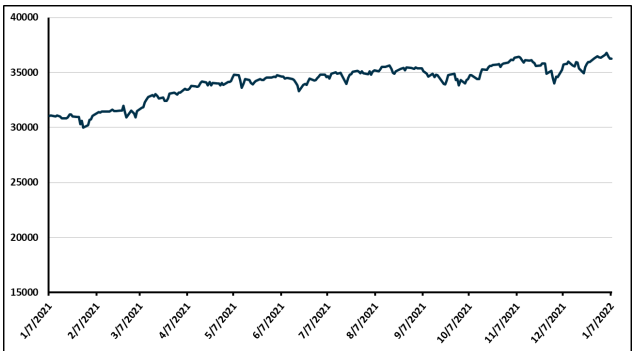
## Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 7-Jan-22

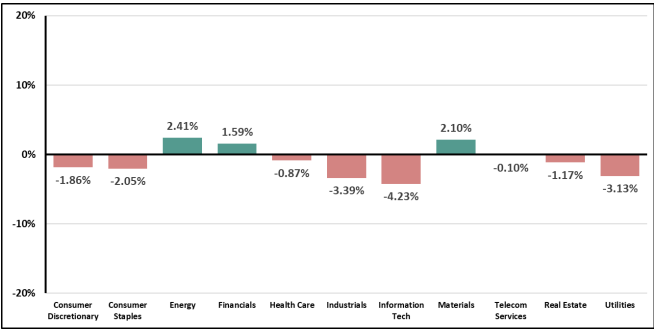
## Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 7-Jan-22

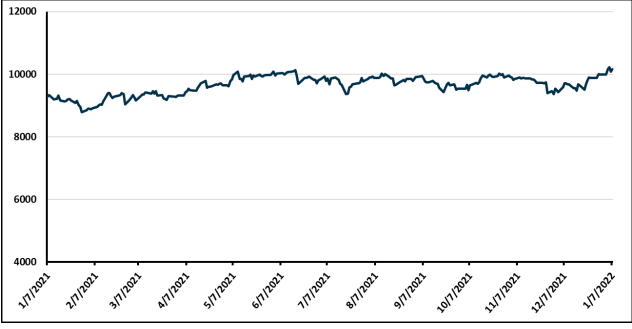
## FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 7-Jan-22

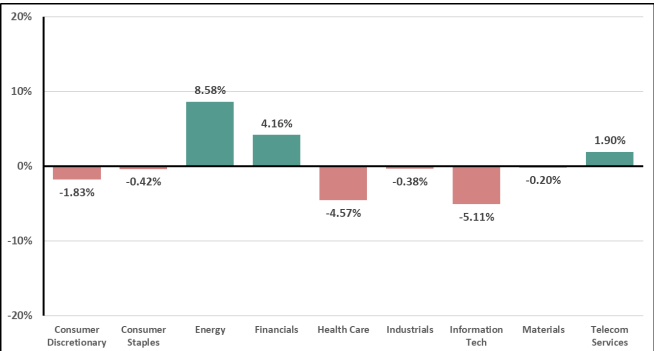
## FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 7-Jan-22

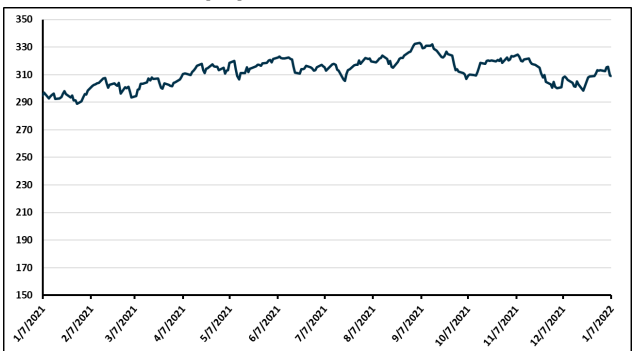
## MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 7-Jan-22

## MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 7-Jan-22



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