



Weekly Report



Market Overview



US equities ended mixed on profit taking and mixed economic data

Review: US equities ended mixed as stronger-than-expected retail sales data showed the impact of US stimulus package but weaker-than-expected jobless claims data showed that recovery in the labour market hit a roadblock. Dow Jones rose 0.11%, but the S&P 500 and Nasdaq fell 0.71% and 1.57% respectively.

Outlook: We view last week's performance as a pullback before the market will start to rise again. The upward trajectory for US equities will likely continue in the first quarter.



Europe equities rose for the third consecutive week

Review: Europe equities rose for the third consecutive week, although gains were much smaller last week. The MSCI Europe Index rose 0.28% last week.

Outlook: We expect Europe equities to continue to fluctuate at current levels. In the medium to long term, stimulus measures such as the European Recovery Fund, ECB stimulus policies and low valuations will benefit Europe equities.



A-Shares recorded their third weekly gains

Review: The Shanghai Composite Index rose during the short trading week as a result of the Lunar New Year holidays. The index gained 1.12%, the third straight week of gains.

Outlook: Investors remained focused on the Chinese economic recovery. We expect the Shanghai Composite Index to attempt to break through the 3,700 level in the near term.



Hang Seng Index rose for the third straight week

Review: The Hang Seng Index rose for the third consecutive week, following the positive trajectory of Mainland Chinese equities.

Outlook: Given favorable factors such as the appreciation of the renminbi and Hong Kong equities continued to be favoured by Mainland Chinese investors, we believe the upward trajectory will be maintained in the first quarter.



Singapore equities fell last week and closed below the 2,900 level

Review: The Straits Times Index fell 1.53% last week, and fell below the 2,900 level.

Outlook: We expect Singapore equities to continue rangebound trading and fluctuate around the 2,900 level in the near term.

Weekly Report



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Indonesia equities rose last week, the third consecutive week of gains

Review: Indonesia equities pared gains to overall rise slightly last week after Bank Indonesia announced rate cut, which led to selling in the middle of the week. The Jakarta Composite Index rose just 0.15% last week. USDIDR gained 0.66% to 14,065.

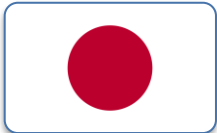
Outlook: Downside risk for Indonesia equities will be supported by a stable Rupiah. Investors should note that the central bank's independence is still a risk factor.



South Korea equities rebounded slightly last week

Review: South Korea's KOSPI rebounded slightly by 0.23% last week.

Outlook: We expect Korean stocks to continue to consolidate at current level in the near term. Any pause in the rally or pullback as an opportunity to accumulate Korean equities, particularly the semiconductor stocks.



Japan equities rose for the third consecutive week

Review: The Nikkei 225 Index rose 1.69% last week, the third straight week of gains. The Nikkei 225 Index reached 30,000 for the first time since 1990.

Outlook: JPY continued to weaken against the greenback, with USDJPY rebounded from the last low of 102.36 in January to 105.45, which will continue to provide downside support to Japanese equities in the near term.



Malaysia equities fell after two straight week of gains

Review: Malaysia equities fell last week, which ended two straight weekly gains. The KLCI fell 0.91% last week.

Outlook: We expect the KLCI to continue rangebound trading in the near term, fluctuating around 1,600 level. Further increase in US treasury yields and strengthening of the dollar may add more selling pressure on Malaysian equities.



UK equities recorded third straight week of gains

Review: UK equities rose last week, the third straight week of gains as investors grew more optimistic regarding the UK's Covid-19 situation. The FTSE 100 Index gained 0.52%.

View: UK's Covid situation has been improving as a result of the strict social distancing measures and the speed in which the population is being vaccinated. We expect UK equities to find near-term support at current levels due to these positive developments.

Weekly Report



Global Bonds



FTSE World Government Bond Index continued to fall as coronavirus situation improves

Review: The FTSE World Government Bond Index fell by 0.72% as the coronavirus situation improved globally and US Treasury yields continued to increase.

Outlook: We expect riskier fixed income bonds to outperform investment grade bonds such as government bonds in the near term. Further downside risks to government bonds include strong spikes in US Treasury yields.



High-yield bonds faced selling pressure last week

Review: The Bloomberg Barclays Global High Yield Index fell 0.17% last week, dragged by the poor performance in EM USD high yield (-0.53%).

Outlook: The central bank's policy support and the low interest rate environment should help to maintain resilient demand for high yields. US high yield bonds likely to outperform EM high yield in the near term due to rising US Treasury yields, which may strengthen the dollar and raise borrowing costs.



Emerging market bonds fell last week

Review: The Bloomberg Barclays EM USD Aggregate Index fell 0.64% last week, dragged by the poor performance in EM USD High Yield.

Outlook: Rising US Treasury yields will likely cap gains in EM fixed income in the near term. However, factors such as the low interest rate environment and the expected continued weakness of the USD in the medium and long term should continue to benefit EM bonds.



Commodities



Gold continued to face selling pressure as US Treasury yields rose

Review: Spot gold fell past the US\$1800 psychological support level last week. Spot gold lost 2.19% to US\$1,784.25/oz.

Outlook: US\$1,800 looks more like a resistance level in the near term as the positive outlook for the global economy driven by mass vaccination will diminish the appeal of gold as a safe haven asset, while rising US Treasury yields will increase the opportunity cost to hold gold.



Oil prices closed mixed last week

Review: Oil prices rose above US\$60/bbl mid-week amid concerns about the winter storm in the US, but WTI eventually fell towards the end of last week. WTI fell just 0.39% to US\$59.24/bbl. Brent crude rose 0.77% to US\$62.91/bbl.

Outlook: WTI is likely to continue to test US\$60/bbl in the near term, driven by the vaccine-related optimism, US winter storm which will contribute to low crude stockpiles and OPEC's disciplined crude oil production cuts.

Weekly Report



Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	30595.27	1.56	3.38	10.81	12.54	-0.74	58.90	33.29
Hang Seng China Enterprise	12041.53	1.90	3.17	10.98	12.74	-2.34	49.23	-1.98
Shanghai Composite	3675.36	1.12	3.64	24.22	6.42	15.54	29.24	29.44
Shenzen Composite	2450.40	0.33	3.78	33.70	5.98	41.95	33.40	95.49
Dow Jones Industrial	31493.34	0.11	1.82	7.31	2.90	26.16	92.13	157.88
S&P 500	3913.97	-0.71	2.84	15.37	4.01	43.83	103.71	196.99
NASDAQ COMPOSITE	13865.36	-1.57	5.13	41.33	7.65	91.79	208.02	403.35
FTSE 100	6617.15	0.52	-1.32	-11.17	2.53	-8.59	11.32	10.46
DAX	13886.93	-0.40	1.29	1.48	2.00	12.05	49.05	91.21
NIKKEI 225	30236.09	1.69	4.84	28.28	9.38	36.91	88.00	181.47

Source: Bloomberg. As of 2021/02/19



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end Feb 13	848,000	773,000	861,000	Below
US	Retail Sales Control Group	-2.4%	5.0%	22.6%	Above
US	Markit US Manufacturing PMI	59.2	58.8	58.5	On Par
EU	4Q GDP sa YoY (Preliminary)	-5.0%	-5.1%	5.0%	On Par
EU	Markit Eurozone Manufacturing PMI	54.8	54.3	57.7	Above
SG	4Q GDP YoY	-3.8%	-3.6%	-2.4%	Above

Source : Bloomberg 2021/02/19



Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	95.38	-1.63	2.08
US Treasury 10Y	98.40	-0.80	1.30
US Treasury 5Y	99.13	-0.30	0.55
US Treasury 2Y	100.04	0.01	0.11
US Tbill 3M	0.03	-13.91	0.03
China Govt Bond 10Y	99.89	-0.48	3.28
Japan Govt Bond 10Y	100.08	-0.14	0.09
German Bund 10Y	103.53	-0.82	-0.35
UK Gilt 10Y	139.18	-0.90	0.62

Source: Bloomberg. As of 2021/02/19

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.75	0.00	0.01	-0.25
HKD/CNH	0.83	0.86	-0.13	-7.48
USD/CNH	6.46	0.51	-0.41	-7.97
USD/JPY	105.69	0.49	1.49	-5.32
USD/CAD	1.27	-0.64	-0.94	-4.58
GBP/USD	1.40	1.21	2.83	8.48
AUD/USD	0.78	1.39	2.26	17.89
EUR/USD	1.21	-0.01	-0.08	12.16

Source: Bloomberg. As of 2021/02/19

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