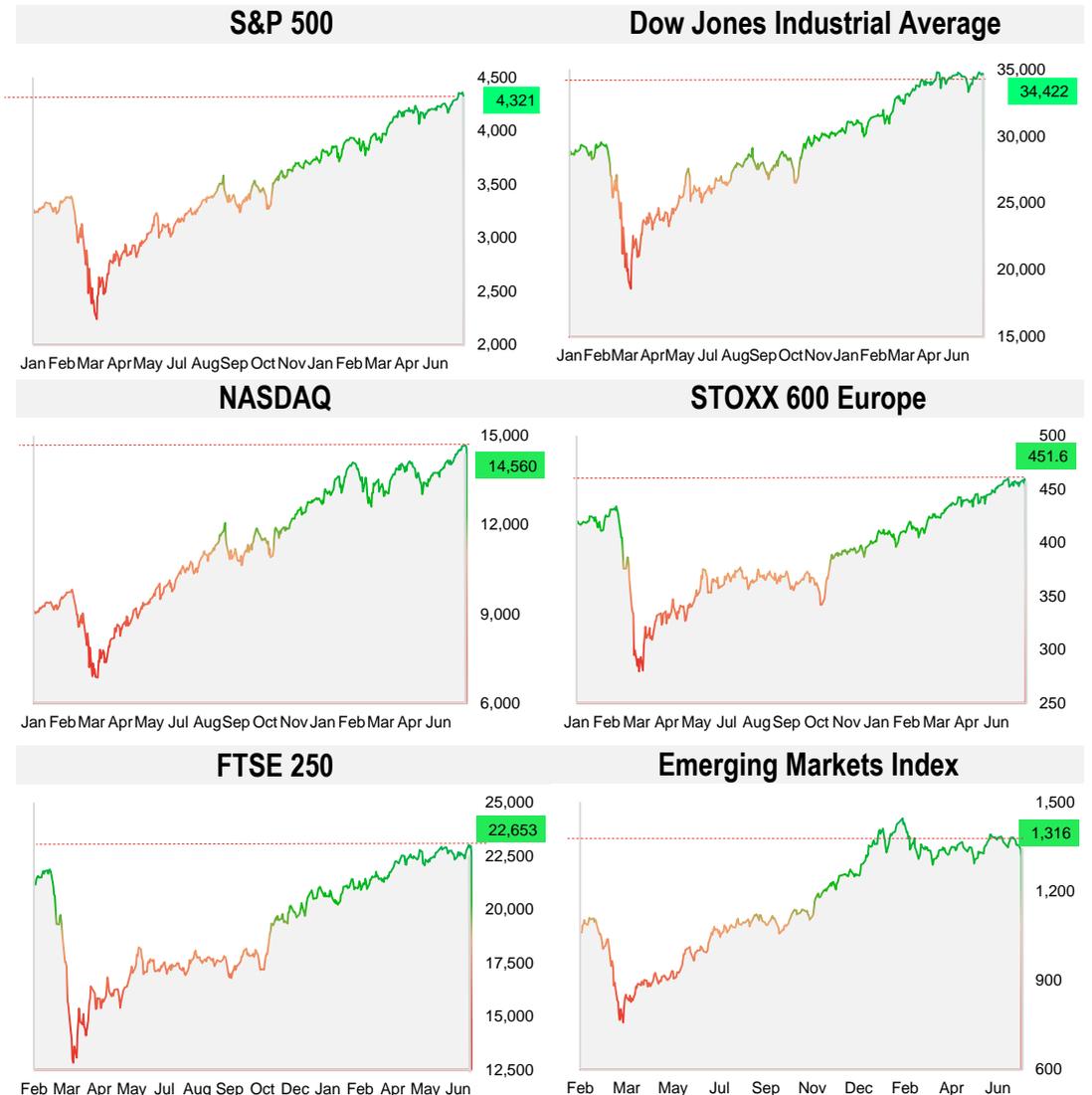


Global Market Watch

Global markets
Periodic
July 9, 2021

What's moving markets

- After strong performance in June, negative mood starting from Asian markets spread to Europe and later to the Wall Street in the first half of July. Rapid spread of the delta variant of Covid-19 and related worries about global economic rebound send yields on 10 year US treasury bonds to multi-month low of below 1.3% by 7 July, 2021 (bond yields move inversely to prices). Notably, 10-year yield rose as high as 1.78% in March, 2021 as investors bet on economic comeback, but since then economic sentiments have slightly deteriorated, particularly in July. Volatility in the oil markets (discussed below) has also contributed to the worsened sentiments.
- Global markets are seeing rotation, with people selling risky assets and buying into the safer investments, such as US treasuries. Notably, in the S&P 500 index, big tech groups such as Apple and Oracle, companies which flourished in the pandemic, have outperformed other stocks, while banks underperformed as low-interest environment puts pressure on their profitability.
- Overall, global stocks posted growths compared to 17 June level. S&P 500 Index was up 2.3% to 4,321 over 17 June-8 July period, notably on the back of deteriorated economic sentiments S&P 500 was down 0.9% d/d on 8th of July. Technology heavy NASDAQ composite also posted strong performance in the period, up 2.8% as investors increased tech holdings. In Europe STOXX 600 remained mostly flat (-0.1%) over the same period, while FTSE 250 was up 1.5%.



Source: Bloomberg
Note: Data as of 8 July 2021

- On 29th of June, China's ride-hailing business Didi Chuxing, raised US\$ 4.4bn in a New York IPO, making it the second largest US listing by a Chinese company, after Alibaba Group. Soon after the listing, Chinese authorities opened an investigation into the Didi Group, preventing new users from signing up to its app. Regulators cited data security concerns for the move. After the news Didi's price fell to as low as \$ 11.58 (a 25% decline), before closing down by 20%. Didi regulatory crackdown dragged down other Chinese tech stocks. Overall, China's Shanghai Composite index has remained mostly stable over 17 June – 8 July.
- The Asia-Pacific region has seen surge in COVID-19 Delta variant cases, forcing the Governments to introduce tougher restrictions. Following the rapid growth in COVID cases, Japan's Prime Minister – Yoshihide Suga – declared another state of emergency in Tokyo, meaning that the Olympics will be held largely without spectators. This sent Japan's Nikkei 225 index down 2.9% to 28,118 level.

Commodities

- On 5th of July, OPEC+ failed to reach output deal, sending oil prices up. OPEC+ postponed a decision to increase oil production, the third delay of the decision, after Saudi Arabia, Russia and the United Arab Emirates struggled to come up with a compromise. Oil prices hit 3-year highs, with WTI crude oil price reaching US\$ 72.9/barrel by 8th of July, while Brent crude oil price reached US\$ 74.1/barrel.
- Gold prices suffered the worst monthly losses in 4 years, with prices dropping to \$1,802 per troy ounce by 8 July 2021.

Volatility

- Cboe Volatility Index, VIX, the gauge of fear in S&P market, was slightly up standing at 19.0 by 8th of July.



Source: Bloomberg
Note: Data as of 8 July 2021

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