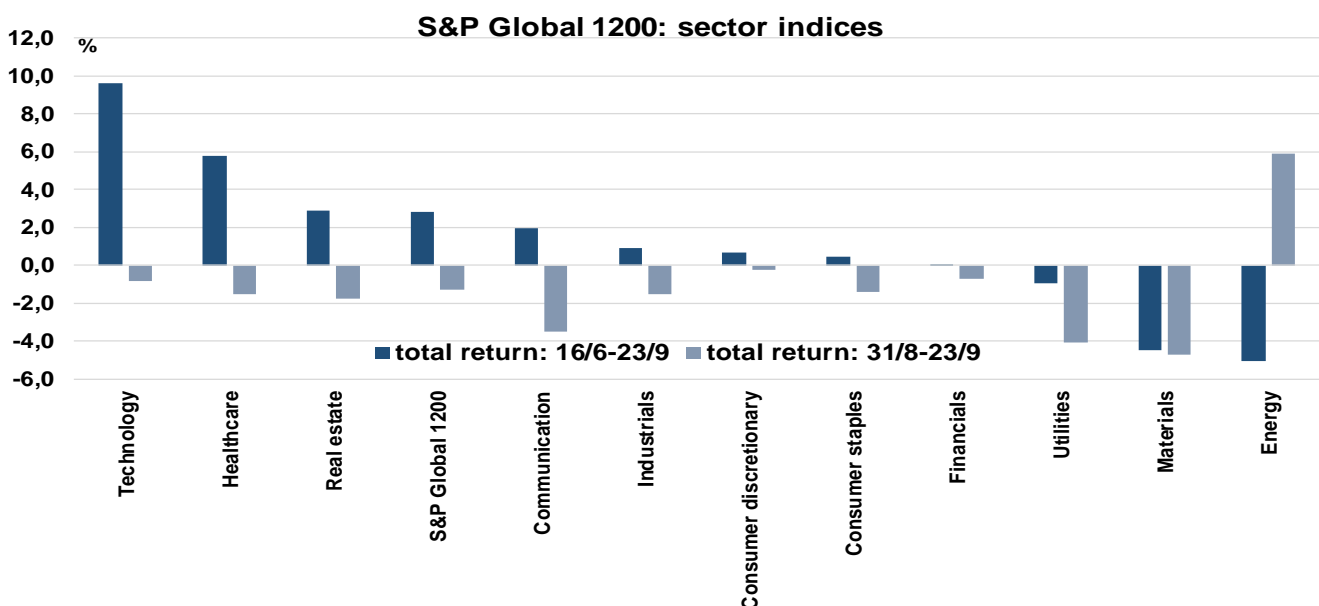


The Fed (22/9) said that if progress towards maximum employment and price stability continues broadly as expected, then a “moderation in the pace of asset purchases may soon be warranted”. It expects strong GDP growth in 2021 (5.9%) and in 2022 (3.8%), lower unemployment rate (2022: 3.8%) and moderation of inflation (core PCE measure) from 3.7% in 2021 to 2.3% in 2022. Most probably, in November (3/11) the Fed will announce that the pace of bond-buying (currently \$120 bn. per month) will be gradually reduced. Monetary easing will probably end at around June 2022, but the size of the Fed’s balance sheet (currently at \$8.49 trillion) will likely remain extremely high for years. The Fed will not raise the interest rate before the end of bond-buying. The members of the Fed were split, as nine out of the eighteen members are expecting stable benchmark rate in 2022, while the other nine members expect rate hike (6 members: 0.25%-0.50%, 3 members: 0.50%-0.75%). **US** 10-year government yield has risen at a high (24/9: 1.449%) since early July, however, it does not hurt the mid-term trend of equities, as it is still relatively mild (2021 average: 1.40%).

The S&P 500 index posted the lowest close (21/9: 4,354) in two months, while the profit-taking versus the historic high close (2/9: 4,537) was mild (2-21/9 on close levels: -4%). The index has risen yesterday (23/9: 4,449), but is slightly below its 21-day average (4,475). At the more than 3-month period from the Fed meeting in June (16/6), when initial hints about bond-tapering soon were evident, until September 23 (after FOMC of 22/9, when bond-tapering soon was confirmed), the global sector indices which had the highest total return were technology (9.6%) and healthcare (5.8%). Energy has risen in September (31/8 - 23/9: 5.9%), in parallel with the increased oil price.



Source: Bloomberg

Stoxx 600 **Europe** is close (23/9: 467.5) to the historic high (13/8: 475.8). In **China**, Evergrande said that the issue of repaying debt coupons has been solved, without clarifying details.

The week ahead:

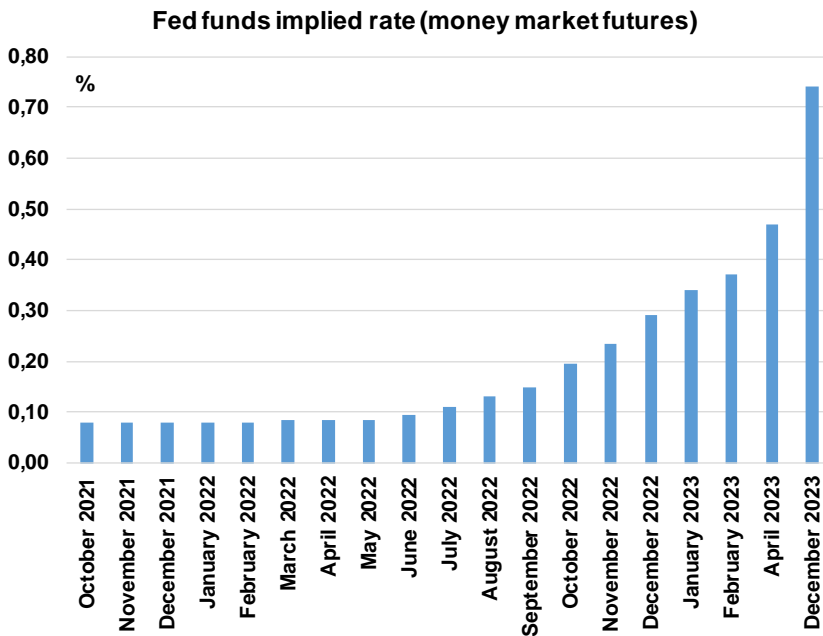
In **Germany**, federal elections are scheduled for September 26. In the **Eurozone**, Eurostat’s inflation estimate for September (estimate: 3.3%) is expected on October 1. In **Japan**, the ruling party will vote (29/9) to elect leader, which will be Prime Minister. **US** consumer confidence (28/9) may have slightly risen in September, after two months of declines (8/21: 113.8, historic average: 95). The ISM manufacturing index is expected in September (1/10) at a level well above (median of estimates: 59.5, August: 59.9) the historic average (53).

Quote of the Week:

The Chairman of the Fed said (22/9): “bond-buying tapering could come as soon as in November. The timing and pace of the coming reduction in asset purchases will not be intended to carry a direct signal regarding the timing of interest rate lift-off”.

Global Markets in Charts

The money market futures imply potentially one rate hike in late 2022



The Fed funds effective rate is currently at 0.08%, close to the lower end of Fed's target range (0%-0.25%). The implied Fed funds rate (futures money market) for December 2022 stands at 0.28% (24/9), which is 0.20% above the current effective rate, consistently with the median forecast of the members of the Fed (FOMC: 22/9). For December 2023, the implied Fed funds rate stands at 0.74%, which is less than the median forecast of Fed members for 2023 (1%). The overall tone of the Fed and markets, is consistent with the expectation that monetary policy will remain relatively accommodative for the foreseeable future, supporting financial conditions and the main equity markets in the medium term. Equity and commodity markets can benefit in the mid-term, as the growth forecasts of the Fed indicate above potential growth until 2024.

The US 10-year yield has risen at a high (1.449%) since early July



The US 2-year yield increased at 0.26% (24/9) from 0.21% (pre-Fed). The US 10-year yield is at 1.44% (200-day average: 1.37%), where the 38.2% of the move from 3.26% (9/10/18 high) to 0.314% (9/3/20) stands. If risk-on sentiment prevails for the most part until year-end, the US 10-year yield could move towards the next resistance area, which stands at 1.60% (17/6 high). If volatility is higher, the US 10-year yield could move back towards 1.33% (21-day average) and 1.26% (15/9 low). In other developments, EUR/USD posted one-month low (23/9: \$1.1684), in parallel, with the drop of German-US 2-year yield spread at low (-0.95%) since August 27. The crude oil price has reached (\$73.7/barrel) the resistance area of \$73-\$74/barrel (76.4% Fibonacci retracement from the high of 2021 at \$77/barrel to the low of \$61.74/barrel on August 23). Resistance is at \$77/barrel, while support at \$70/barrel (21/9 low and 21-day average).

Global Markets Minesweeper
Event Risk Calendar, 27 September - 1 October 2021

Monday 27/9							
Date Time	Country	Event	Period	Survey	Prior		
27/9 08:00	JN	Coincident Index	Jul F		94.5		
27/9 11:00	EC	M3 Money Supply (YoY)	Aug	7.80%	7.60%		
27/9/ 15:30	US	Durable Goods Orders (MoM)	Aug P	0.60%	-0.10%		
27/9 15:30	US	Durables Ex Transportation (MoM)	Aug P	0.50%	0.80%		
27/9 17:30	US	Dallas Fed Manf. Activity	Sep	11	9		
Eco Event	US	Fed Governor L. Brainard speaks at annual NABE meeting (19:15)					
Tuesday 28/9							
Date Time	Country	Event	Period	Survey	Prior		
28/9 09:00	GE	GfK Consumer Confidence	Oct	-2	-1.2		
28/9 15:30	US	Advance Goods Trade Balance	Aug	-\$87.0b	-\$86.4b		
28/9 16:00	US	FHFA House Price Index (MoM)	Jul	1.50%	1.60%		
28/9 16:00	US	S&P CoreLogic 20-City (MoM) SA	Jul	1.63%	1.77%		
28/9 17:00	US	Conf. Board Consumer Confidence	Sep	114.6	113.8		
28/9 17:00	US	Richmond Fed Manufact. Index	Sep		9		
Eco Event	US	Fed Chairman Powell and Yellen to testify at the Senate Banking Committee 					
	EU	ECB President C. Lagarde to speak at the ECB Forum on Central Banking					
Wednesday 29/9							
Date Time	Country	Event	Period	Survey	Prior		
29/9 11:30	UK	Net Consumer Credit	Aug	£0.5b	£-0.0b		
29/9 11:30	UK	M4 Money Supply (YoY)	Aug		6.00%		
29/9 12:00	EC	Consumer Confidence	Sep F		-4		
29/9 12:00	EC	Economic Confidence	Sep	116.9	117.5		
29/9 17:00	US	Pending Home Sales (MoM)	Aug	1.00%	-1.80%		
Eco Event	EU	Chiefs of BOE, BOJ, ECB, Fed participate in ECB Forum panel					
	JN	Japan's Liberal Democratic Party elects a new leader					
Thursday 30/9							
Date Time	Country	Event	Period	Survey	Prior		
30/9 02:50	JN	Retail Sales (MoM)	Aug	-1.80%	1.00%		
30/9 04:00	CH	Non-manufacturing PMI	Sep	50.8	47.5		
30/9 04:00	CH	Manufacturing PMI	Sep	50.2	50.1		
30/9 04:45	CH	Caixin China PMI Mfg	Sep	49.5	49.2		

September 24, 2021

30/9 09:00	UK	GDP (QoQ)	2Q F	4.80%	4.80%	🌟*
30/9 09:00	UK	GDP (YoY)	2Q F	22.20%	22.20%	
30/9 10:55	GE	Unemployment Claims Rate SA	Sep	5.50%	5.50%	
30/9 12:00	EC	Unemployment Rate	Aug	7.60%	7.60%	
30/9 15:00	GE	CPI (YoY)	Sep P	4.10%	3.90%	
30/9 15:30	US	Initial Jobless Claims	25-Sep		351k	🌟*
30/9 15:30	US	GDP Annualized (QoQ)	2Q T	6.70%	6.60%	🌟*
30/9 15:30	US	Personal Consumption	2Q T		11.90%	
30/9 16:45	US	MNI Chicago PMI	Sep	65.2	66.8	🌟*
		Friday 1/10				
Date Time	Country	Event	Period	Survey	Prior	🌟*
1/10 03:30	JN	Jibun Bank Japan PMI Mfg	Sep F		51.2	🌟*
1/10 10:55	GE	Markit Germany Manufacturing PMI	Sep F	58.5	58.5	🌟*
1/10 11:00	EC	Markit Eurozone Manufacturing PMI	Sep F	58.7	58.7	🌟*
1/10 11:30	UK	Markit UK PMI Manufacturing SA	Sep F	56.3	56.3	🌟*
1/10 12:00	EC	CPI Core (YoY)	Sep P	1.90%	1.60%	
1/10 12:00	EC	CPI Estimate (YoY)	Sep	3.30%	3.00%	🌟*
1/10 15:30	US	Personal Income	Aug	0.20%	1.10%	
1/10 15:30	US	Personal Spending	Aug	0.70%	0.30%	
1/10 15:30	US	PCE Deflator (YoY)	Aug		4.20%	
1/10 15:30	US	PCE Core Deflator (YoY)	Aug	3.60%	3.60%	🌟*
1/10 16:45	US	Markit US Manufacturing PMI	Sep F		60.5	
1/10 17:00	US	U. of Mich. Sentiment	Sep F	71	71	
1/10 17:00	US	ISM Manufacturing	Sep	59.5	59.9	🌟*
	CH	National Day - Markets closed				
Eco Event	US	ECB Executive Board Member Isabel Schnabel speaks at a Fed conference (18:30)				

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