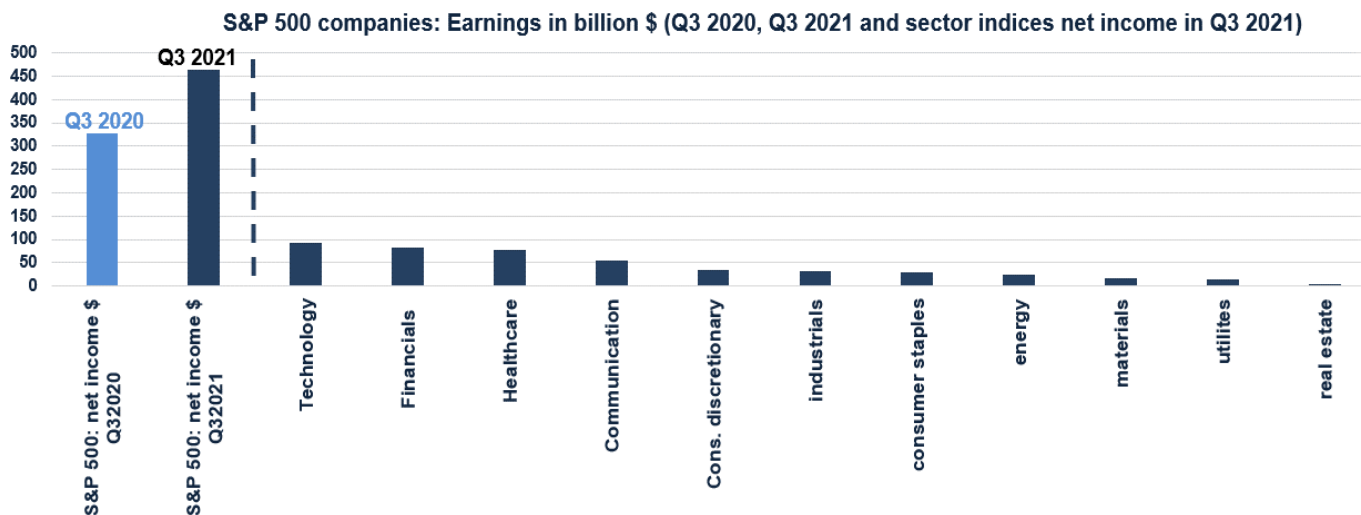


Eurozone headline inflation increased in October at more than 13-year high (4.1%). However, inflation worries are contained, as economic recovery is sufficiently strong. Eurozone GDP has increased on quarterly basis in the third quarter by 2.2% and on yearly basis by 3.7% (average yearly GDP growth of the three quarters in 2021: 5.6%). **US** industrial production has risen on monthly basis in October by the most (1.6%) since March. **US** leading indicators increased on monthly basis in October (0.9%) for eighth consecutive month and on yearly basis by 9.3% (historic average 1960-2021: 2.4%). The **Euro** dropped versus the **USD** at a low (17/11: \$1.1264) since July 2020, in parallel with the drop of the 2-year German-US bond differential at a low (-1.25%) since March 2020.

The S&P 500 index has risen at historic high close (18/11: 4,704.5). The net income of the companies reported so far (18/11: 475/500) for the third quarter of 2021 was almost \$461 billion, strongly higher (around 41%) versus the third quarter of 2020 (almost \$326 bn.). Technology, financials and healthcare have the biggest contribution. The large majority (82%) of companies has exceeded estimates. The net income in the 3rd quarter of 2021, if annualized, it corresponds to \$1.85 trillion yearly. The market capitalization of the S&P 500 index stands at around \$41 trillion, almost at 22 times the annualized net income. While this is elevated, the upwards trend of the S&P 500 index has continued, supported by the rise of the 12-month forward estimate of earnings per share at historic high.



Source: Bloomberg

US and **China** have discussed coordinating actions towards releasing strategic petroleum reserves. The **WTI** crude oil price posted low (19/11: \$76.70/barrel) since early October. In other developments, at the end of the previous week, the **COP26** climate summit concluded. The main decisions included the commitment to “phase down” unabated coal power (i.e. reduce the use of coal power that is not mitigated with technologies, such as carbon capture utilization and storage, to lower carbon dioxide emissions). Furthermore, the **Glasgow** pact called for ending inefficient fossil fuel subsidies. **US** and **China**, world’s biggest emitters agreed to cooperate on climate issues. More than 100 countries agreed to slash methane. For the first time, there is a recognition that countries struck by catastrophic climate incidents will get help.

The week ahead:

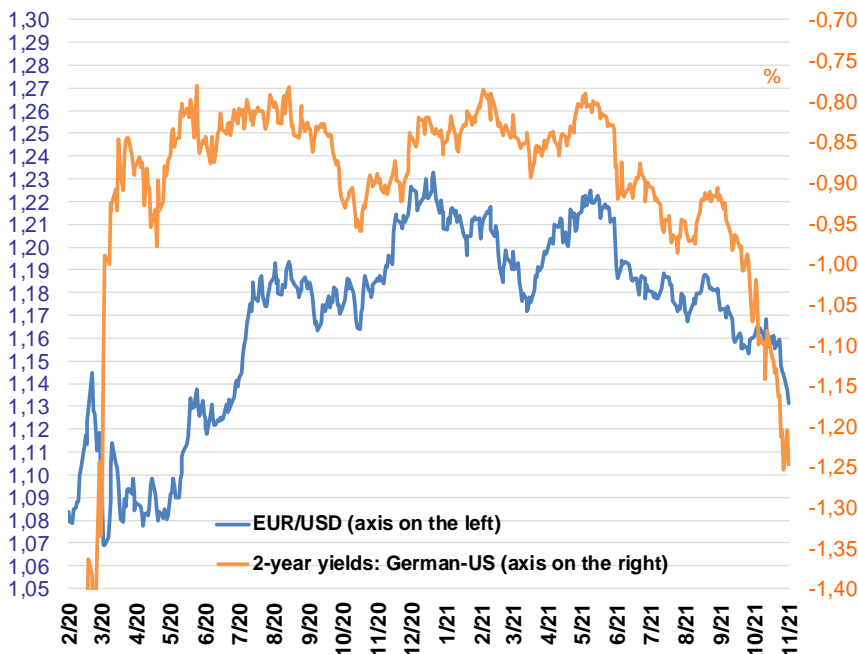
Eurozone consumer confidence index for November will be released at the start of the week (22/11). The manufacturing and services **PMI** (23/11) are expected slightly lower in November, but both at levels indicative of expansion of the sectors. In the **US**, **PCE** inflation measure (24/11) is expected higher in October (5.1%, September: 4.4%) and also the core deflator measure (4.1%, September: 3.6%), suggesting inflation pressure has intensified, while real GDP growth remains strong. The minutes of the latest Fed meeting will be released (24/11).

Quote of the Week:

The member of the ECB (**M. Centeno**) said: “Inflation still remains a temporary phenomenon, associated to the recovery from the economic crisis”.

Global Markets in Charts
Yield differentials have favored the USD

EUR/USD and difference of German 2-year yield minus US 2-year yield (2020-2021)



The spread of German minus US 2-year government bond yield is at the lowest (-1.25%) since March 2020. In parallel, EUR/USD has declined at a low (17/11: \$1.1264) since July 2020, as yield differentials have favoured the USD. Support for EUR/USD is at the area of \$1.1200 (mid-2020 low). If yields differentials continue to move in favour of the USD, it may not be excluded that EUR/USD could move towards the support area of \$1.1040 (Fibonacci retracement 76.4%: \$1.064 - \$1.2349). It is noted however, that currently markets anticipate monetary policy stricter than what the Fed has signalled. If market expectations shift towards Fed signalling for slow gradual withdrawal of monetary support, then the Euro could react upwards towards \$1.1500 (11/11 high, 21-day average) and \$1.1600 (10/11 high).

The emerging markets index has started recovering, while it is still below its 200-day average

36-month rolling return correlation (MSCI Emerging markets index \$ versus USDCNY monthly %)



Source: Bloomberg

The emerging markets equity index has risen at a high (16/11 close: 1,290.5) since late October, however it is still below (18/11: 1,273.9) the 200-day average (1,320). The 36-month rolling return correlation of the emerging equity index versus the monthly change of the USD vs CNY is -0.6%, denoting that when the dollar drops versus the yuan, this can be supportive for the emerging index. The dollar has dropped versus the yuan at a low (16/11: 6.367) since early June. The resiliency of the yuan can be considered an initial indication of stabilization in China, while worries for economic growth slowdown and stricter regulation remain. The MSCI emerging index has total return of 0.6% in 2021, lagging the developed index (22%). The path of the US 10-year yield is important. If it remains relatively mild, the emerging may recover, while a rising US 10-year yield is considered negative for the emerging index.

Global Markets Minesweeper
Event Risk Calendar, 22 - 26 November, 2021

Monday 22/11							
Date Time	Country	Event	Period	Survey	Prior		
22/11 15:30	US	Chicago Fed Nat Activity Index	Oct		-0.13		
22/11 17:00	US	Existing Home Sales	Oct	6.20m	6.29m		
22/11 17:00	US	Existing Home Sales MoM	Oct	-1.4%	7.0%		
22/11 17:00	EC	Consumer Confidence	Nov A	-5.4	-4.8		
Eco Event	EC	EU: ECB member R. Holzmann speech (16:00)					
Tuesday 23/11							
Date Time	Country	Event	Period	Survey	Prior		
23/11 10:30	GE	Markit/BME Germany Composite PMI	Nov P	51.0	52.0		
23/11 11:00	EC	Markit Eurozone Manufacturing PMI	Nov P	57.3	58.3		
23/11 11:00	EC	Markit Eurozone Services PMI	Nov P	53.5	54.6		
23/11 11:00	EC	Markit Eurozone Composite PMI	Nov P	53.2	54.2		
23/11 11:30	UK	Markit UK PMI Manufacturing SA	Nov P	57.2	57.8		
23/11 11:30	UK	Markit/CIPS UK Services PMI	Nov P	58.0	59.1		
23/11 16:45	US	Markit US Manufacturing PMI	Nov P	59.0	58.4		
23/11 16:45	US	Markit US Services PMI	Nov P	59.0	58.7		
23/11 17:00	US	Richmond Fed Manufact. Index	Nov		12		
Corp. Results		US: Medtronic					
Wednesday 24/11							
Date Time	Country	Event	Period	Survey	Prior		
24/11 11:00	GE	Ifo Expectations	Nov	94.4	95.4		
24/11 11:00	GE	Ifo Current Assessment	Nov	99.0	100.1		
24/11 11:00	GE	Ifo Business Climate	Nov	96.7	97.7		
24/11 13:00	UK	CBI Trends Total Orders	Nov	7	9		
24/11 15:30	US	Initial Jobless Claims	Nov 20		268.000		
24/11 15:30	US	Advance Goods Trade Balance	Oct	-\$94.7b	-\$96.3b		
24/11 15:30	US	GDP Annualized QoQ	3Q S	2.2%	2.0%		
24/11 15:30	US	Personal Consumption	3Q S	1.6%	1.6%		
24/11 15:30	US	Durable Goods Orders	Oct P	0.2%	-0.3%		
24/11 15:30	US	Durables Ex Transportation	Oct P	0.5%	0.5%		
24/11 17:00	US	PCE Core Deflator MoM	Oct	0.4%	0.2%		
24/11 17:00	US	Personal Spending	Oct	0.9%	0.6%		
24/11 17:00	US	PCE Core Deflator YoY	Oct	4.1%	3.6%		
24/11 17:00	US	PCE Deflator MoM	Oct	0.7%	0.3%		

November 19, 2021

24/11 17:00	US	PCE Deflator YoY	Oct	5.1%	4.4%	🌙*
24/11 17:00	US	Personal Income	Oct	0.3%	-1.0%	
24/11 17:00	US	U. of Mich. Sentiment	Nov F	66.8	66.8	
24/11 17:00	US	New Home Sales	Oct	801k	800k	
24/11 17:00	US	New Home Sales MoM	Oct	0.1%	14.0%	
Eco Event	US	FOMC minutes (21:00)				🌙*
		Thursday 25/11				
Date Time	Country	Event	Period	Survey	Prior	🌙*
25/11 01:50	JN	PPI Services YoY	Oct	0.9%	0.9%	
25/11 07:00	JN	Leading Index CI	Sep F	99.7	99.7	
25/11 09:00	GE	GfK Consumer Confidence	Dec	-1.0	0.9	
		US: Thanksgiving Holiday				
		Friday 26/11				
Date Time	Country	Event	Period	Survey	Prior	🌙*
4/6 02:30	SZ	GDP QoQ	3Q	1.5%	1.8%	
4/6 12:00	SZ	GDP YoY	3Q	2.9%	7.7%	
4/6 15:30	EC	M3 Money Supply YoY	Oct	7.4%	7.4%	

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