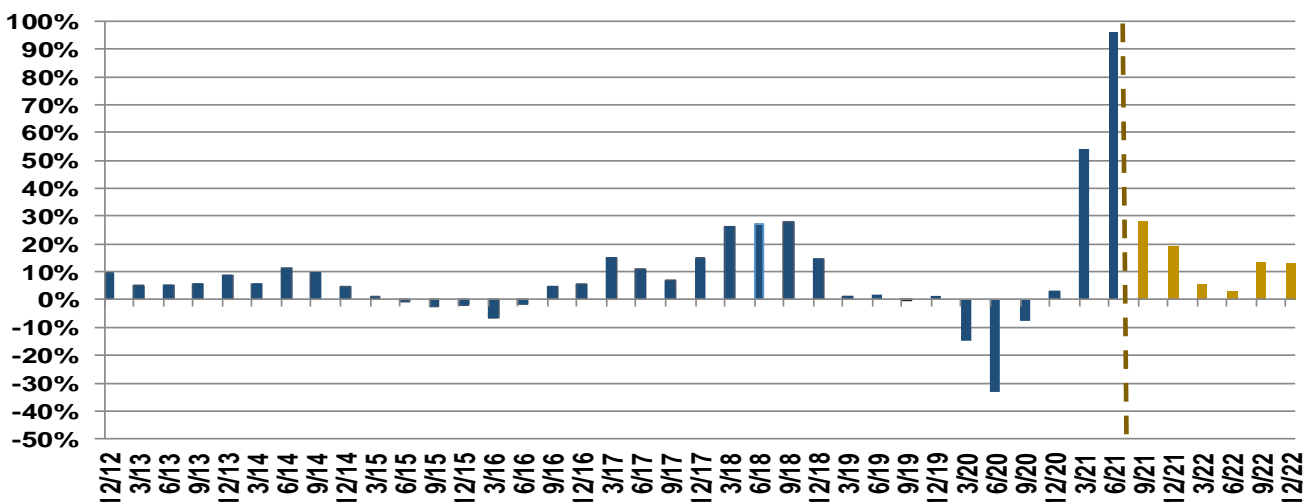


The **US** 2-year bond yield increased at a high (intraday 28/9: 0.319%) since March 2020. The price of WTI crude **oil** has risen at a high (28/9: \$76.7/barrel) since early July, which is **inflationary** in the **near term** (at least), strengthening the case for the **Fed** to **gradually reduce the pace** (currently \$120 bn. per month) of asset buying (most likely from November). The spread between the **German 2-year** (28/9: -0.68%) minus **US 2-year** yield (28/9: 0.30%) has dropped at the level (-0.98%) of August 10, which was the lowest since March 2020. This is consistent with the drop of the **Euro** versus the **USD** at a low (1/10: \$1.1563) since July 2020. Support is at \$1.1500 (retracement 50% of the move from \$1.064 in March 2020 to \$1.2349 in January 2021). If market conditions deteriorate, then the Euro may drop below \$1.1500 (\$1.1300: 61.8% Fibonacci retracement of \$1.064-\$1.2349). The positive outlook for risky assets in the mid-term is more consistent with the Euro recovering towards \$1.1750-\$1.1820. Stock and bond market volatility has risen, probably due to the prospect for less monetary easing, worries about China and slower global economic growth.

The **S&P 500** index has mildly corrected, cumulatively by 5% in the period from the historic high on September 2 (close: 4,537) until September 30 (close: 4,307.5), but maintained positive total return in the third quarter (0.6%). The S&P 500 financials had the highest total return in the third quarter (2.7%). The **short-term** mild **corrective** move of the S&P 500 index, is the third in the current "bull market". Since March 23, 2020, the previous two cases of at least -5% pull-back (on close prices) from a previous high, happened a year back (2-23/9/20: -9.6%) and in June 2020 (8-11/6/20: -7%). During the previous bull market (9/3/2009-19/2/2020), there were 17 pull-backs from a previous high of at least -5% (average: -9.5%), but overall, the index had posted strong return (annualized total return 9/3/09-19/2/20: 18%). The **earnings** per share of the S&P 500 may have risen by around 30% on year over year basis in the third quarter, which is **strong pace** (long term average: 11%). The 12-month forward earnings per share estimate stands at historic high (\$214). Despite some concerns, such as the possible corporate tax hike (at 26.5% from 21%) and operating profitability margin moderating from high level, the index can continue its **mid-term upwards trend**, supported by above potential growth at least until 2023 (Fed's GDP estimates).

**S&P 500 index: quarterly adjusted earnings per share year over year %**



Source: Bloomberg

**The week ahead:**

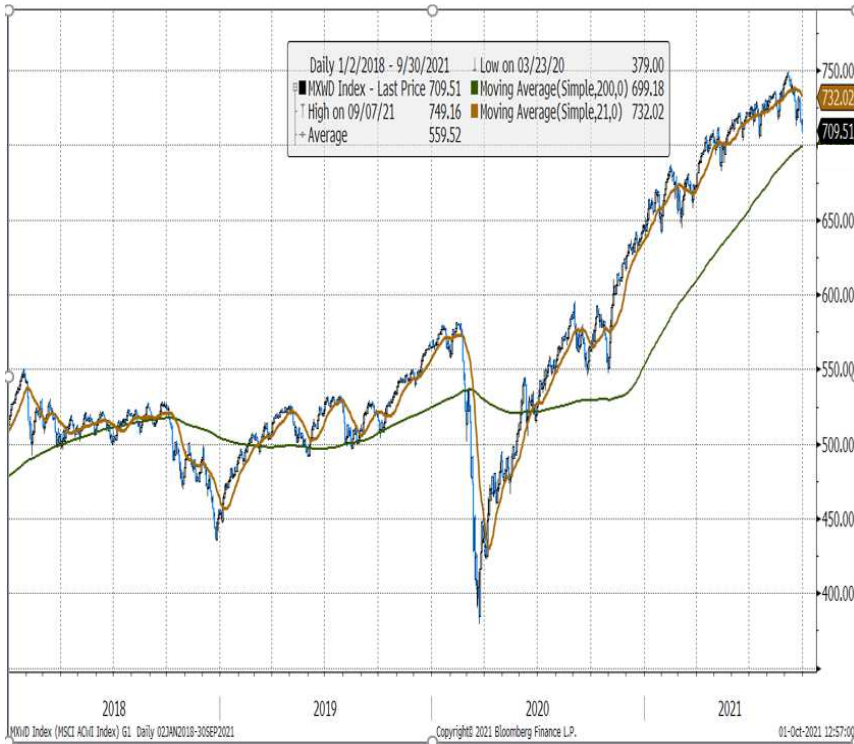
**US** unemployment rate (8/10) may have moderated in September (median estimate: 5.1%, August: 5.2%) and non-farm payrolls are expected above (500.000, August: 235.000) the historic average (118.000). The ISM services (5/10) may have dropped for second month in September, however at a level, which indicates strong expansion. In the **Eurozone**, the final figures for PMI indices for September will be announced on October 5.

**Quote of the Week:**

The ECB's President said: "Eurozone GDP will be at pre-crisis level at year end, but monetary support is needed. Inflation is expected to decline, once pandemic effects are over"

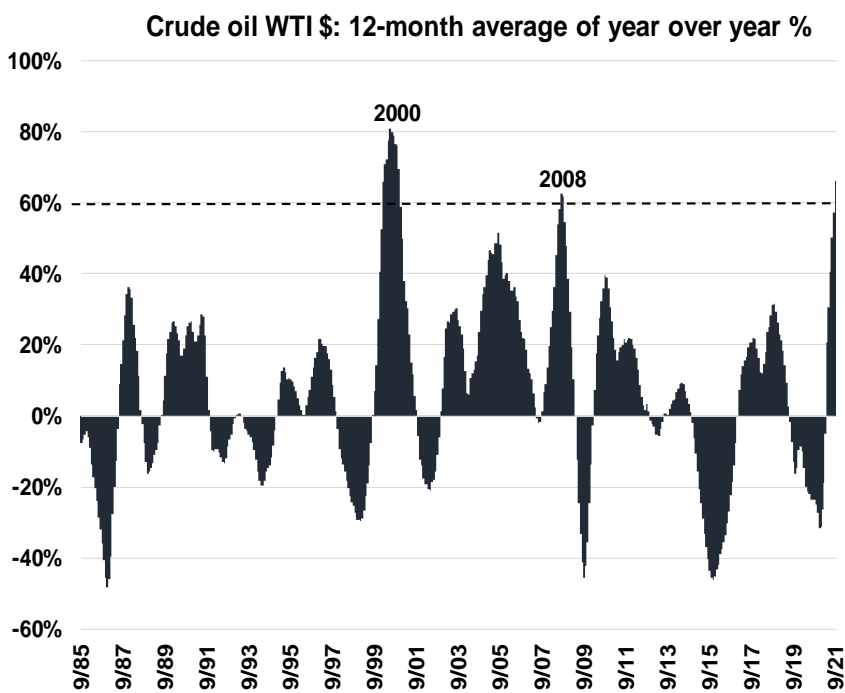
Global Markets in Charts

The world equity index is correcting from historic high, approaching key support area



The MSCI all countries **world equity** index has mildly corrected by -5.2% from the historic high close of September 6 (748) until September 30 (709.5). It remains slightly above its 200-day average (699). During this period (6-30/9), the MSCI all countries world **value** index has retreated less (-3.9%) than the all countries **growth** index (-6.4%). In this period, the **US 10-year yield** has risen from 1.32% (6/9) to the 1.50% area (30/9, 28/9 intraday: 1.565%) and the Bloomberg Barclays Global aggregate bond price index (IG) has retreated by -1.9%. Historically, the value index tends to overperform growth in rising yields environment (52-week correlation between the return difference of value minus growth versus the global bond index return is -0.33). The growth index maintains (9/18-9/21: 67%) overperformance versus value (23.5%) in the last 3 years.


The oil price is at the cross-roads, with potential implications for economies and markets



The price of **WTI crude oil** reached (28/9: \$76.7/barrel) the area of \$77, a level posted three times in the last three years (in September, July 2021 and in October 2018). The year over year rise of the oil price is 86% (30/9) and the rolling **12-month average of the yearly rise of crude oil** (end of month figures) stands at 66% (9/21), close to where it had been in mid-2008 (8/08: 63%), but lower versus mid-2000 (81%). The sharp rise of crude oil was one of the ingredients of the downturn of economic activity in 2001-2002 and in 2008-early 2009. Up to now, the rise of crude oil price is considered as manageable. If the resistance area of \$77/barrel holds, then a pull-back towards the support area of \$70 - \$71 (55, 21-day averages, 200-day average: \$64/barrel) can ease worries about the effect of elevated oil price on economic growth.

Source: Bloomberg

**Global Markets Minesweeper**
**Event Risk Calendar, 4 - 8 October 2021**

Monday 4/10						
Date Time	Country	Event	Period	Survey	Prior	
4/10 02:50	JN	Monetary Base (YoY)	Sep		14.90%	
4/10 11:30	EC	Sentix Investor Confidence	Oct	19	19.6	
4/10 17:00	US	Factory Orders (MoM)	Aug	1.00%	0.40%	
4/10 17:00	US	Factory Orders Ex Trans (MoM)	Aug	0.60%	0.80%	
4/10 17:00	US	Durable Goods Orders (MoM)	Aug F		1.80%	
4/10 17:00	US	Durables Ex Transportation (MoM)	Aug F		0.20%	
National Day- Chinese markets closed (4-7 October)						
Eco Event	AT	OPEC+ meets virtually to review output policy				
	US	St. Louis Fed President Bullard takes part in discussion on the economy (17:00)				
Tuesday 5/10						
Date Time	Country	Event	Period	Survey	Prior	
5/10 02:30	JN	Tokyo CPI (YoY)	Sep	-0.10%	-0.40%	
5/10 02:30	JN	Tokyo CPI Ex-Fresh Food (YoY)	Sep	0.20%	0.00%	
5/10 03:30	JN	Jibun Bank Japan PMI Services	Sep F		47.4	
5/10 10:55	GE	Markit Germany Services PMI	Sep F	56	56	
5/10 11:00	EC	Markit Eurozone Services PMI	Sep F	56.3	56.3	
5/10 11:30	UK	Markit/CIPS UK Services PMI	Sep F		54.6	
5/10 12:00	EC	PPI (MoM)	Aug	1.30%	2.30%	
5/10 12:00	EC	PPI (YoY)	Aug	13.40%	12.10%	
5/10 15:30	US	Trade Balance	Aug	-\$70.5b	-\$70.1b	
5/10 16:45	US	Markit US Services PMI	Sep F	54.4	54.4	
5/10 17:00	US	ISM Services Index	Sep	59.8	61.7	
Corp. Results	US	PepsiCo Inc				
Wednesday 6/10						
Date Time	Country	Event	Period	Survey	Prior	
6/10 09:00	GE	Factory Orders (MoM)	Aug	-1.50%	3.40%	
6/10 09:00	GE	Factory Orders WDA (YoY)	Aug	17.20%	24.40%	
6/10 10:30	GE	Markit Germany Construction PMI	Sep		44.6	
6/10 11:30	UK	Markit/CIPS UK Construction PMI	Sep		55.2	
6/10 12:00	EC	Retail Sales (MoM)	Aug	0.90%	-2.30%	
6/10 12:00	EC	Retail Sales (YoY)	Aug	0.50%	3.10%	
6/10 15:15	US	ADP Employment Change	Sep	430k	374k	

October 1, 2021

Thursday 7/10						
Date Time	Country	Event	Period	Survey	Prior	
7/10 08:00	JN	Coincident Index	Aug P	91.5	94.4	
7/10 09:00	GE	Industrial Production SA (MoM)	Aug	-0.10%	1.00%	
7/10 09:00	GE	Industrial Production WDA (YoY)	Aug	5.00%	5.70%	
7/10 11:30	UK	Unit Labor Costs (YoY)	2Q		5.00%	
7/10 15:30	US	Initial Jobless Claims	2-Oct		362k	
7/10 22:00	US	Consumer Credit	Aug	\$16.500b	\$17.004b	
<b>Eco Event</b>	EU	Federal Reserve Bank of Cleveland and ECB joint annual conference				
	EU	ECB Chief Economist Philip Lane speaks at a Bank of Ireland webinar (16:00)				
Friday 8/10						
Date Time	Country	Event	Period	Survey	Prior	
8/10 02:50	JN	BoP Current Account Adjusted	Aug	¥1154.0b	¥1413.4b	
8/10 02:50	JN	Trade Balance BoP Basis	Aug	-¥375.0b	¥622.3b	
8/10 04:45	CH	Caixin China PMI Services	Sep	49.2	46.7	
8/10 09:00	GE	Trade Balance (EUR)	Aug	15.0b	17.9b	
8/10 09:00	GE	Current Account Balance (EUR)	Aug		17.6b	
8/10 15:30	US	Change in Nonfarm Payrolls	Sep	500k	235k	
8/10 15:30	US	Change in Private Payrolls	Sep	450k	243k	
8/10 15:30	US	Change in Manufact. Payrolls	Sep	25k	37k	
8/10 15:30	US	Unemployment Rate	Sep	5.10%	5.20%	
8/10 15:30	US	Average Hourly Earnings (YoY)	Sep	4.60%	4.30%	
8/10 15:30	US	Labor Force Participation Rate	Sep		61.70%	

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