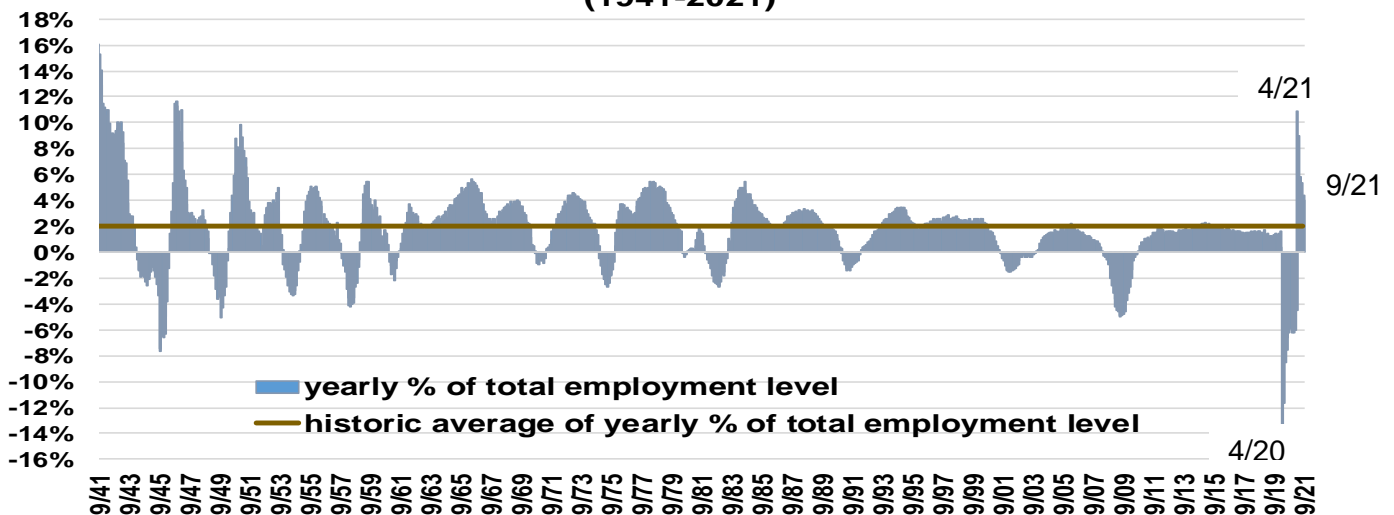


At the end of the previous week, **US** employment figures were announced. The unemployment rate declined in September at a low (4.8%, August: 5.2%) since March 2020. US non-farm payrolls posted the lowest monthly increase (194,000, historic average: 119,000) in 2021. *Despite that the monthly payrolls figure in September was relatively low, the cumulative gains in the previous months have been substantial, so that the total level of employment is higher on yearly basis by 4%, almost double the historic average (1940-2021: 2%).* According to the minutes of the Fed meeting in September, the Fed will most probably start reducing bond-buying from mid-November or from mid-December, but the pace of tapering will be slow (\$10bn. per month less government bond buying, \$5 bn. per month less MBS buying). Bond-buying pace tapering is in-line with elevated inflation (September: 5.4%) and core inflation (4%). The IMF expects (12/10) that US GDP growth will be strong, at 6% in 2021 and at 5.2% in 2022.

US: year over year % of total employment (1941-2021)



Source: Bloomberg

The **S&P 500** index has range-traded during the week, maintaining positive total return in October (14/10: 3.1%). Resistance is at 4,465 (23/9 high) and at the historic high (2/9 intraday: 4,546). Support is at the area of 4,280 (4/10 low), at 4,233 (19/7 low) and at 4,168 (200-day average). The Stoxx 600 **Europe** is at a level (14/10: 465.9) mildly below the historic high (13/8 close: 475.8), but remains above its 21-day average (458). The IMF expects that Eurozone GDP growth will be 5% in 2021 and 4.3% in 2022. The **WTI crude oil** price increased at a high (\$82.3/barrel) since October 2014, as global demand is expected to continue outpacing supply.

The week ahead:

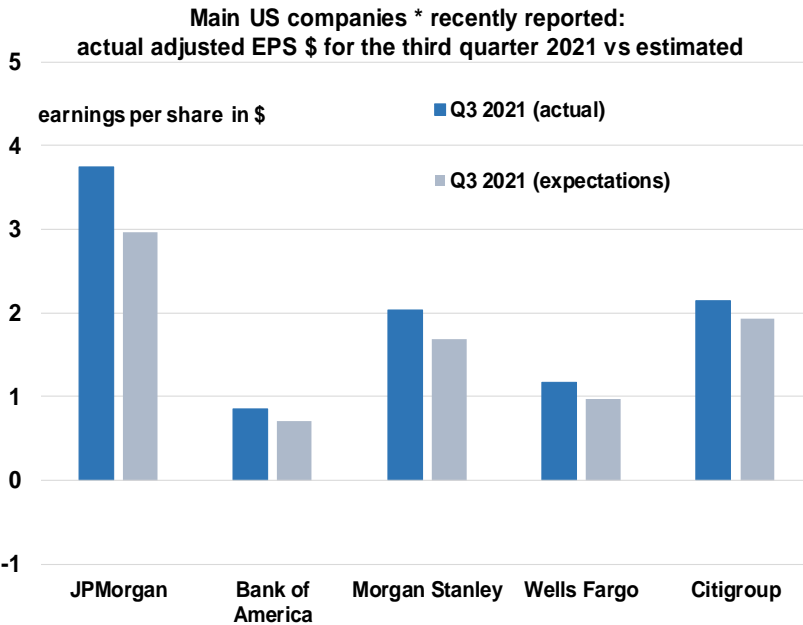
US industrial production (18/10) has probably increased on monthly basis in September by less (0.2%) versus the previous month (August: 0.4%). The leading indicators index (21/10) may have risen (0.5%) on monthly basis in September for seventh consecutive month. The Fed's economic report (Beige Book) will be released on October 20. **Eurozone** consumer confidence index for October will be announced on October 21. In **China**, GDP (18/10) may have increased on quarterly basis in the third quarter at a low pace (0.4%). On yearly basis, the rise of GDP in the third quarter may have been the lowest (5%, second quarter: 7.9%) since the third quarter of 2020. On full annual basis, the IMF estimates that GDP growth in **China**, will be slightly lower (-0.1%) than the previous estimate (July) at 8% in 2021 and at 5.6% in 2022.

Quote of the Week:

The member of the ECB (K. Knot) said that "price pressures may turn out to be stronger than currently projected", while the Chief economist of the ECB (P. Lane) said that "the price spikes won't alter the ECB's medium-term outlook for average inflation of 1.5% in 2023".

Global Markets in Charts

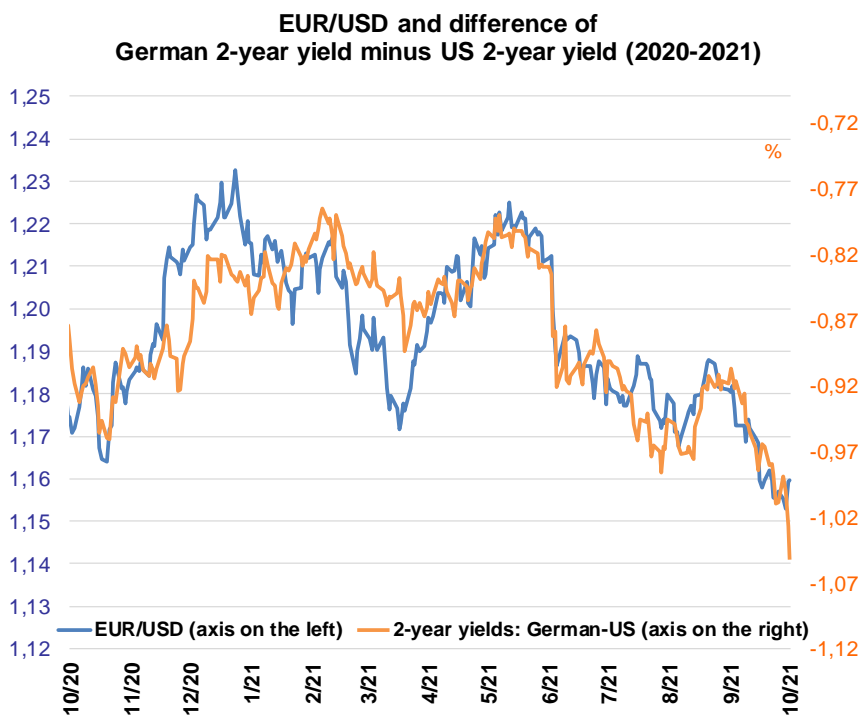
Main US companies, which have reported third quarter results, have exceeded expectations



* companies ranked in the chart above according to market capitalization (14/10)

The main US companies, which have reported economic results for the third quarter have exceeded expectations, in terms of **earnings per share**. JPMorgan has posted yearly rise of 28% of adjusted EPS in the third quarter. The adjusted EPS of Citigroup has also risen strongly on yearly basis (by around 55%) and also that of Bank of America (by close to 70%). The global financials sector has total return of 25.4% in 2021 (14/10) versus 15.3% of the S&P Global 1200 index. The 12-month forward P/E ratio of the global financials index is not excessive at 12 times (10-year average: 11.4 times). In the mildly corrective period since the historic high of the global index (6/9), the financials index has been resilient (6/9-13/10: 1.4% versus -2.7% of the global index), as the financials index has benefited by the rise of the US 10-year yield (6/9: 1.32%, 15/10: 1.53%).

EUR/USD has declined in parallel with the drop of the spread of German-US 2-year yields



Source: Bloomberg

The spread of **German-US 2-year government bond yield** dropped at a low (14/10: -1.05%) since March 2020. This happened in parallel with the drop of the **Euro** versus the **USD** at a low (12/10: \$1.1524) since July 2020. The relative monetary policy of the **ECB** versus the **Fed** will be pivotal for **German, US yields** and the **EUR/USD**. According to money market futures, the implied fed funds rate for the end of 2022 is at 0.40%, slightly above the US 2-year yield (15/10: 0.36%). If the US 2-year yield increases substantially (spread of German-US 2-year yield drops further), then the euro may move below the support area of \$1.1500 (22/7/20 low), towards \$1.1300 (61.8% Fibonacci retracement of the move from \$1.064 to \$1.2349). In contrast, if short term yield differentials do not move substantially and market sentiment improves, then the Euro may move towards \$1.1750 (22/9 high) - \$1.1820 (16/9 high) and \$1.1930 (200-day average).

Global Markets Minesweeper
Event Risk Calendar, 18 - 22 October 2021

Monday 18/10						
Date Time	Country	Event	Period	Survey	Prior	
18/10 05:00	CH	GDP SA (QoQ)	3Q	0.40%	1.30%	
18/10 05:00	CH	GDP (YoY)	3Q	5.00%	7.90%	
18/10 05:00	CH	Retail Sales (YoY)	Sep	3.50%	2.50%	
18/10 05:00	CH	Industrial Production (YoY)	Sep	3.80%	5.30%	
18/10 16:15	US	Industrial Production (MoM)	Sep	0.20%	0.40%	
18/10 16:15	US	Capacity Utilization	Sep	76.50%	76.40%	
18/10 17:00	US	NAHB Housing Market Index	Oct	75	76	
18/10 23:00	US	Monthly Budget Statement	Sep	-\$180.0b	-\$124.6b	
Tuesday 19/10						
Date Time	Country	Event	Period	Survey	Prior	
19/10 15:30	US	Building Permits	Sep	1670k	1721k	
19/10 15:30	US	Housing Starts	Sep	1610k	1615k	
19/10 15:30	US	Housing Starts (MoM)	Sep	-0.30%	3.90%	
Corp. Results	US	P&G, Netflix, Johnson & Johnson				
Wednesday 20/10						
Date Time	Country	Event	Period	Survey	Prior	
20/10 02:50	JN	Trade Balance Adjusted	Sep	-¥586.4b	-¥271.8b	
20/10 09:00	UK	CPI (YoY)	Sep	3.20%	3.20%	
20/10 09:00	UK	CPI Core (YoY)	Sep	3.10%	3.10%	
20/10 09:00	UK	Retail Price Index	Sep	308.0	307.4	
20/10 09:00	GE	PPI (MoM)	Sep	1.00%	1.50%	
20/10 09:00	GE	PPI (YoY)	Sep	12.70%	12.00%	
20/10 11:00	EC	ECB Current Account SA (EUR)	Aug		21.6b	
20/10 12:00	EC	CPI (YoY)	Sep F	3.40%	3.00%	
20/10 12:00	EC	CPI Core (YoY)	Sep F	1.90%	1.90%	
20/10 12:00	EC	CPI MoM	Sep F	0.50%	0.50%	
Eco Event	US	Fed releases Beige Book (21:00)				
Corp. Results	US	Verizon, Tesla				
Thursday 21/10						
Date Time	Country	Event	Period	Survey	Prior	
21/10 09:00	UK	PSNB ex Banking Groups	Sep	23.2b	20.0b	

October 15, 2021

21/10 12:00	EC	Govt Debt/GDP Ratio	2020		98.00%	
21/10 15:30	US	Initial Jobless Claims	16-Oct		293k	
21/10 17:00	US	Leading Index (MoM)	Sep	0.50%	0.90%	📈
21/10 17:00	US	Existing Home Sales	Sep	6.02m	5.88m	
21/10 17:00	US	Existing Home Sales (MoM)	Sep	2.30%	-2.00%	
21/10 17:00	EC	Consumer Confidence	Oct A	-5	-4	📈
Corp. Results	US	AT&T, Intel				
		Friday 22/10				
Date Time	Country	Event	Period	Survey	Prior	📈
22/10 02:01	UK	GfK Consumer Confidence	Oct	-16	-13	
22/10 02:30	JN	Natl CPI (YoY)	Sep	0.20%	-0.40%	📈
22/10 02:30	JN	CPI Ex Fresh Food, Energy (YoY)	Sep	-0.40%	-0.50%	
22/10 03:30	JN	Jibun Bank Japan PMI Mfg	Oct P		51.5	
22/10 10:30	GE	Germany Manufacturing PMI	Oct P	56.8	58.4	📈
22/10 11:00	EC	Eurozone Manufacturing PMI	Oct P	57.3	58.6	📈
22/10 11:00	EC	Markit Eurozone Composite PMI	Oct P	55.0	56.2	
22/10 11:30	UK	Markit UK PMI Manufacturing SA	Oct P	55	57.1	
22/10 11:30	UK	Markit UK Composite PMI	Oct P	54.0	54.9	
22/10 16:45	US	Markit US Manufacturing PMI	Oct P	60.5	60.7	📈
22/10 16:45	US	Markit US Services PMI	Oct P	55.1	54.9	
Corp. Results	US	American Express				

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