



The Week Ahead

Your guide to the latest market moving events



Will speculation for a Fed pivot be unwound?

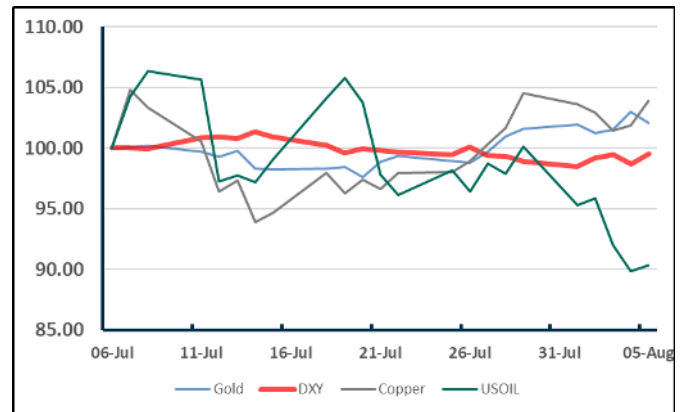
In the US, the inflation print will probably be the most scrutinised report this week. Estimates point to a slowdown in headline inflation (L: 8.7% vs P: 9.1% YoY), though core CPI is expected to pick up (L: 6.1% vs P: 5.7% YoY). But even if those numbers match the actual print, it should do little to ease the Fed's concerns. Note that this CPI report comes on the back of a blowout employment last week. Most concerning of July's jobs report was the acceleration in aggregate wage growth (A: 0.9%, P: 0.8% MoM). Consequently, expectations should start to skew towards a more hawkish lean - the US economy is service driven, and a persistently high wage growth suggests that price pressures will remain for longer. After the Fed's last meeting resulted in financial conditions loosening rather than tightening, it is difficult to expect another less than hawkish meeting from the central bank.

Over last week, we were already seeing signs of the narrative of a Fed pivot being undone. Comments from Fed officials were mostly skewed against what the markets were pricing into Fed fund futures (Fed Governor Michelle Bowman, San Francisco Fed President Mary Daly, and St. Louis Fed President James Bullard were all unanimous in signalling that there should be more rate hikes than what markets has priced in by the end of 2022 (Fed fund futures implies ~125bps more hikes in 2022). There should push speculation for rate hikes higher in the near-term, i.e., expect more headwinds for riskier assets. In essence, we should see unwinding of at least some of the 4.90% gain in the S&P500 since the Fed's July meeting. In terms of earnings, we saw forward earnings revised down again, despite upward revisions in Q2 earnings. That, along with other economic indicators still point to the US economy at the peak of its economic cycle. The risk, in our view, is that an actual severe slowdown in consumer spending may not materialise and that the Fed surprisingly deviates from its previous singular goal of bringing down inflation.

USOIL records worst week since April

USOIL fell the most in a week since April following news that signalled lower demand amid higher supply of crude. Libyan supplies picked up, US gas consumption dipped, warnings from the Bank of Ling of a recession lasting more than a year, and data out of China signalling slower demand for crude all weighed on crude oil prices last week. Both momentum and time spreads seem to indicate that a move lower is the path of least resistance in the near-term. Longer-term upside seems to be intact, in our view, with factors such as the falling US emergency reserves, OPEC signalling a severe limitation in excess capacity, and forecasts showing supply for crude only just meeting that of demand even with a recession.

Commodities Against DXY (Rebased to 100)



Source: ADSS, Bloomberg

Data Watch



| Day | Time (GMT +8:00) | Related Currency | Events/Indicators |
|-----|------------------|------------------|---|
| Mon | 07:50 | JPY | Japan BoP Current Account Balance |
| | 13:45 | CHF | Switzerland Unemployment Rate |
| | 13:45 | CHF | Switzerland Unemployment Rate SA |
| Tue | - | CNY | China Money Supply M2 YoY |
| Wed | 09:30 | CNY | China PPI YoY |
| | 14:00 | EUR | Germany CPI MoM |
| | 14:00 | EUR | Germany CPI YoY |
| | 19:00 | USD | United States MBA Mortgage Applications |
| | 20:30 | USD | United States CPI MoM |
| Thu | 23:00 | USD | United States Fed's Evans Discusses the Economy and Monetary Policy |
| | 20:30 | USD | United States Initial Jobless Claims |
| | 20:30 | USD | United States PPI Final Demand MoM |
| Fri | 06:30 | NZD | New Zealand BusinessNZ Manufacturing PMI |
| | 07:50 | JPY | Japan Japan Buying Foreign Bonds |
| | 14:00 | GBP | United Kingdom GDP QoQ |
| | 14:00 | GBP | United Kingdom Industrial Production MoM |
| | 14:00 | GBP | United Kingdom Manufacturing Production MoM |
| | 14:00 | GBP | United Kingdom Manufacturing Production YoY |
| | 22:00 | USD | United States U. of Mich. Sentiment |

Weekly Market Snapshot

Index Returns

| | Latest Price | 1 week | MTD | QTD | YTD |
|-------------------------------|--------------|--------|-------|--------|--------|
| Equities | | | | | |
| S&P 500 | 4,145.19 | 0.36% | 0.36% | 9.51% | 13.02% |
| DJ Industrial Average | 32,803.47 | 0.13% | 0.13% | 6.59% | 9.73% |
| Nasdaq | 13,207.69 | 2.01% | 2.01% | 14.81% | 19.07% |
| Euro Stoxx 50 | 3,723.39 | 0.47% | 0.47% | 7.83% | 13.33% |
| MSCI EAFE Small Cap | 246.08 | 0.54% | 0.54% | 5.93% | 21.46% |
| FTSE 100 | 7,439.74 | 0.22% | 0.22% | 3.77% | 0.75% |
| DAX | 13,573.93 | 0.67% | 0.67% | 6.18% | 14.55% |
| CAC 40 | 6,472.33 | 0.37% | 0.37% | 9.28% | 9.52% |
| Hang Seng | 20,201.94 | 0.23% | 0.23% | 7.58% | 13.66% |
| MSCI World | 2,752.06 | 0.21% | 0.21% | 9.09% | 14.84% |
| ASX 200 | 7,015.56 | 1.01% | 1.01% | 6.81% | 5.76% |
| NIKKEI | 28,175.87 | 1.35% | 1.35% | 6.75% | 2.14% |
| CS 300 | 4,159.80 | 0.42% | 0.42% | 7.19% | 15.81% |
| China A50 | 13,632.03 | 0.64% | 0.64% | 9.36% | 13.16% |
| TWSE | 14,777.02 | 1.49% | 0.24% | 1.42% | 17.47% |
| Fixed Income | | | | | |
| Banqueparibas Aggregate | 464.02 | 0.97% | 0.97% | 1.24% | 12.85% |
| Banqueparibas Euro Aggregate | 243.51 | 0.53% | 0.53% | 3.59% | 9.97% |
| Banqueparibas US High Yield | 2,251.50 | 0.66% | 0.66% | 6.60% | 9.53% |
| Banqueparibas Euro High Yield | 397.42 | 0.79% | 0.79% | 5.96% | 9.24% |
| Banqueparibas TIPS | 115.17 | 2.59% | 2.59% | 1.11% | 10.86% |
| JPM EM3 Global Divers | 908.37 | 0.90% | 0.90% | 3.82% | 17.26% |
| Other | | | | | |
| DJ US Real Estate | 381.90 | 1.62% | 1.62% | 7.00% | 15.58% |
| S&P 500 CI | 649.27 | 6.26% | 6.26% | 9.45% | 15.70% |
| US Dollar Index | 106.62 | 0.68% | 0.68% | 1.85% | 11.43% |
| VIX | 21.13 | 0.94% | 0.94% | 26.33% | 22.82% |

Commodities

| | Latest Price | 31/7/22 | 30/6/22 | 31/5/22 | 31/12/21 |
|-----------------------|--------------|----------|----------|----------|----------|
| Prices | | | | | |
| WT Oil (\$/barrel) | 99.01 | 98.62 | 105.76 | 114.67 | 75.21 |
| Brent Oil (\$/barrel) | 94.92 | 110.01 | 114.81 | 122.84 | 77.78 |
| Gold (\$/oz) | 1,775.50 | 1,765.94 | 1,807.27 | 1,837.35 | 1,829.20 |
| Silver (\$/oz) | 19.90 | 20.36 | 20.28 | 21.53 | 23.31 |
| Copper | 3.55 | 3.57 | 3.71 | 4.30 | 4.46 |
| Corn | 6.10 | 6.16 | 7.44 | 7.54 | 5.93 |
| Coffee | 2.09 | 2.17 | 2.34 | 2.31 | 2.26 |
| Natural Gas | 9.06 | 9.23 | 5.42 | 9.15 | 3.73 |

Currencies

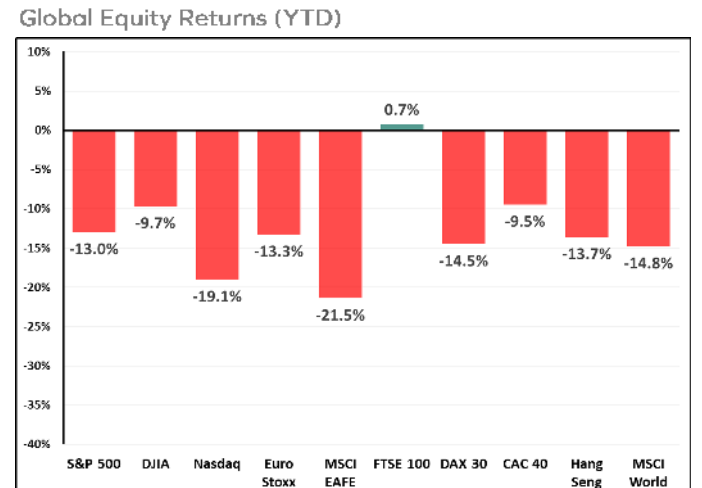
| | Latest Price | 31/7/22 | 30/6/22 | 31/5/22 | 31/12/21 |
|---------------|--------------|---------|---------|---------|----------|
| Prices | | | | | |
| EUR/USD | 1.0183 | 1.0220 | 1.0484 | 1.0734 | 1.1370 |
| GBP/USD | 1.2073 | 1.2171 | 1.2178 | 1.2602 | 1.3532 |
| USD/JPY | 135.01 | 133.27 | 135.72 | 128.67 | 115.08 |
| USD/CHF | 0.9615 | 0.9524 | 0.9551 | 0.9595 | 0.9129 |
| USD/CAD | 1.2932 | 1.2795 | 1.2873 | 1.2647 | 1.2637 |
| AUD/USD | 0.6911 | 0.6985 | 0.6903 | 0.7177 | 0.7263 |
| NZD/USD | 0.6231 | 0.6278 | 0.6244 | 0.6514 | 0.6826 |
| USD/CNH | 6.7639 | 6.7498 | 6.6941 | 6.6787 | 6.3570 |

Crypto

| | Latest Price | 31/7/22 | 30/6/22 | 31/5/22 | 31/12/21 |
|---------------|--------------|-----------|-----------|-----------|-----------|
| Prices | | | | | |
| BTC/USD | 22,985.34 | 23,951.94 | 18,731.30 | 31,788.28 | 46,333.65 |
| XRP/USD | 0.37 | 0.37 | 0.32 | 0.42 | 0.83 |
| LTC/USD | 61.38 | 61.56 | 50.98 | 68.38 | 146.14 |
| DSH/USD | 51.38 | 51.32 | 40.78 | 63.82 | 133.84 |

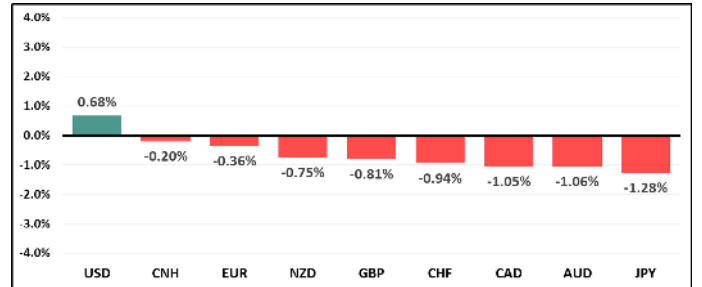
Rates & Spreads

| | Latest Rate | 31/7/22 | 30/6/22 | 31/5/22 | 31/12/21 |
|---------------------------|-------------|---------|---------|---------|----------|
| Rates | | | | | |
| Fed Funds Target | 2.50% | 2.50% | 1.75% | 1.00% | 0.25% |
| ECB Repo Rate | 0.00% | 0.00% | 0.50% | 0.50% | 0.50% |
| 3 Month US Dollar Libor | 2.87% | 2.79% | 2.29% | 1.61% | 0.21% |
| US Treasuries 2 Year | 3.23% | 2.88% | 2.95% | 2.56% | 0.73% |
| US Treasuries 10 Year | 2.83% | 2.65% | 3.01% | 2.84% | 1.51% |
| German Bunds 2 Year | 0.46% | 0.26% | 0.63% | 0.49% | 0.64% |
| German Bunds 10 Year | 0.95% | 0.81% | 1.33% | 1.12% | 0.18% |
| Japan Gov't Bonds 10 Year | 0.16% | 0.18% | 0.23% | 0.24% | 0.07% |
| UK Gilts 10 Year | 2.05% | 1.86% | 2.23% | 2.10% | 0.97% |
| Swiss Gov't Bonds 10 Year | 0.52% | 0.40% | 1.02% | 0.86% | 0.15% |



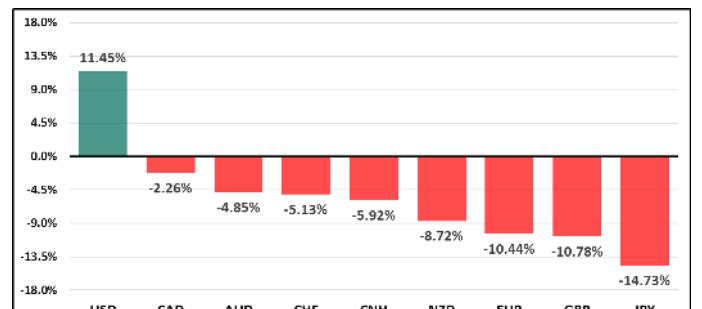
Source: ADSS, Bloomberg As of 5 Aug 22

Global Currency Returns (Weekly)



Source: ADSS, Bloomberg As of 5 Aug 22

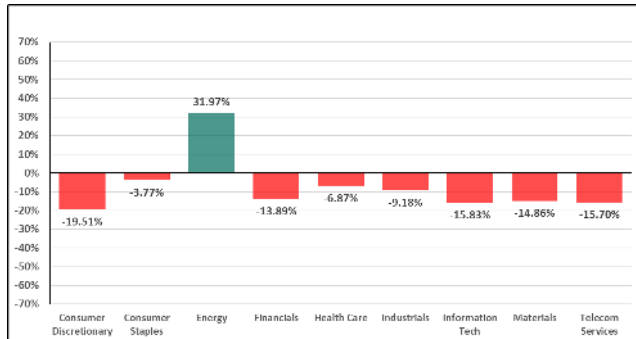
Global Currency Returns (YTD)



Source: ADSS, Bloomberg As of 5 Aug 22

Weekly Market Snapshot

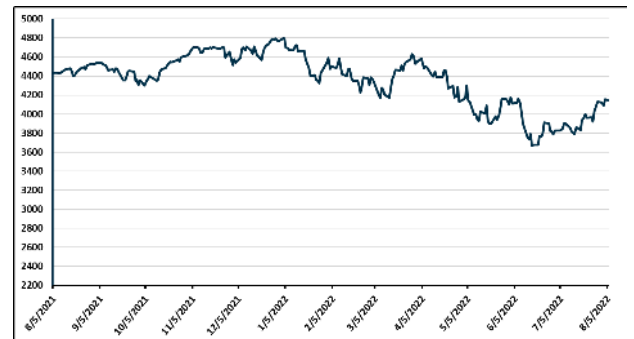
S&P500 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 5 Aug 22

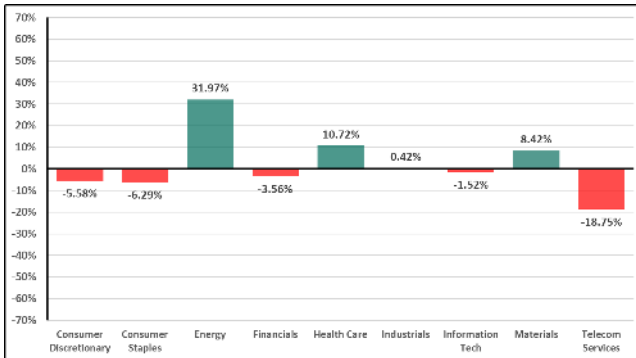
S&P500 Index (1Y)



Source: ADSS, Bloomberg

As of 5 Aug 22

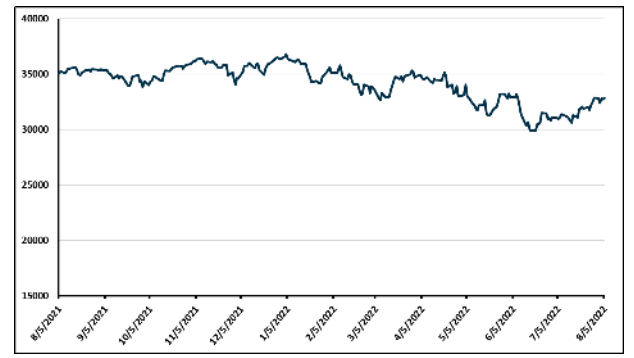
Dow Jones Industrial Average Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 5 Aug 22

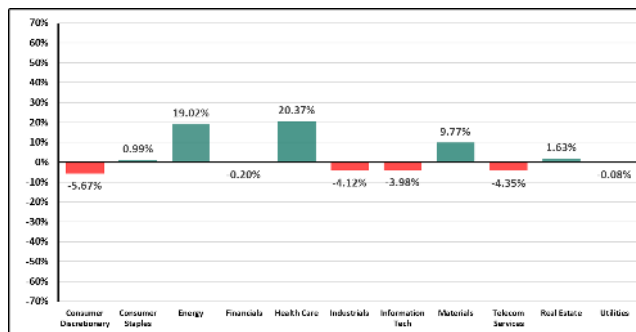
Dow Jones Industrial Average Index (1Y)



Source: ADSS, Bloomberg

As of 5 Aug 22

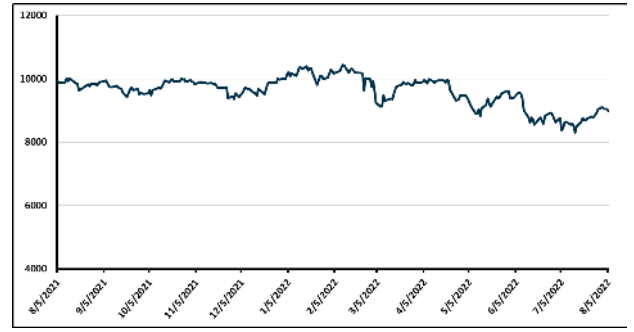
FTSE100 Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 5 Aug 22

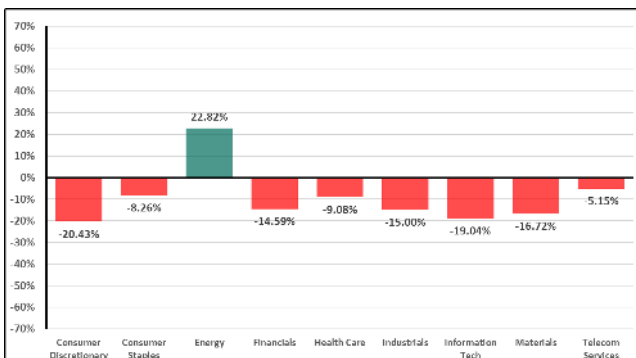
FTSE100 Index (1Y)



Source: ADSS, Bloomberg

As of 5 Aug 22

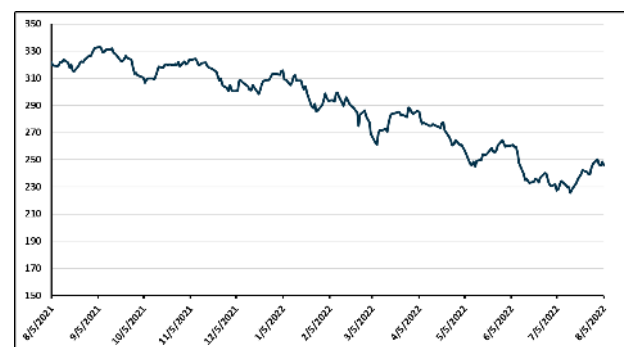
MSCI World Sector Returns (YTD)



Source: ADSS, Bloomberg

As of 5 Aug 22

MSCI World Index (1Y)



Source: ADSS, Bloomberg

As of 5 Aug 22



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