

Global Overview

- US equities closed higher ahead of FOMC meeting this week with the Dow Jones at +3.1%, the S&P 500 at +3.1% and the Nasdaq at +3.6% while small caps outperformed with the Russell 2000 at +5.6%. The post-election rally regained some momentum as favorable sentiment was driven by the incoming US administration's proposed policies including fiscal stimulus and tax and regulatory cuts, in addition to supportive macro with better-than-expected non-manufacturing ISM, factory orders and consumer sentiment
- 2-yr and 10-yr Treasury yields closed higher on stronger-than-expected Chinese inflation which increased global inflationary expectations ahead of bond auctions this week
- US dollar strengthened and gold traded lower mainly on ECB policy decision to extend in term although scale back in quantity its asset purchase program starting April 2017 and favorable US macro data as markets are pricing a 100% rate hike probability ahead of this week's FOMC meeting. Oil remained stable as larger-than-expected drop in US crude stocks and optimism over non-OPEC supply cuts agreed at ~600k barrels a day offset stronger US dollar and worries from rising crude output in November
- European equities closed higher with the Stoxx 600 at +4.7% on relief rally following Italian referendum results and hopes of Italian banks bailout amid supportive ECB policies despite political uncertainty from the rejection of the constitutional reform plan which led to PM Renzi's resignation. Euro weakened as the ECB kept its key interest rates unchanged and extended its asset purchase program until December 2017 at least, while scaled back its monthly purchases starting April 2017 to 60 billion euros from 80 billion euros. UK equities closed higher with the FTSE 100 at +3.3% helped by banks and ECB decision despite lower-than-expected industrial production
- Japanese equities closed higher with the Nikkei 225 at +3.1% on stronger USD/JPY despite sharp downward revision to Q3/16 GDP
- Chinese equities closed slightly lower with the Shanghai Composite at -0.3% likely weighed by concerns about a more protectionist US trade policy despite better-than-expected November trade data. Chinese foreign reserves registered a bigger-than-expected drawdown as the yuan declined to an eight-year low amid PBoC efforts to limit capital outflows. Emerging markets closed higher with the MSCI EM at +2.9%

Previous Week Macro Data	Actual	Cons.
US Markit PMI composite (Nov)	54.6	54.9
US ISM non-manufacturing PMI (Nov)	57.2	55.5
EU GDP (YoY) (Q3)	1.7%	1.6%
US Trade balance (Oct)	-\$42.6B	-\$42.0B
US Factory orders (Oct) (MoM)	2.7%	2.6%
JPY Leading economic index (Oct)	101.0	101.4
UK Industrial production (YoY) (Oct)	-1.1%	0.5%
US JOLTS job openings	5.53M	5.50M
UK NIESR GDP estimate (3M) (Nov)	0.4%	0.4%
US EIA crude oil change (Dec 2)	-2.4M	-
JPY GDP (QoQ) (Q3)	0.1%	0.2%
CNY Trade balance USD (Nov)	\$44.6B	\$46.9B
EU ECB interest rate decision	0.0%	0.0%
US Initial jobless claims (Dec 2)	258K	255K
CNY CPI (YoY) (Nov)	2.3%	2.2%
US Michigan consumer sentiment (Dec)	98.0	94.5
US Wholesale inventories (Oct)	-0.4%	-0.4%

Date	Upcoming Week Key Earnings
13-Dec	Nordson, Heico
15-Dec	Oracle, Adobe
16-Dec	Carnival

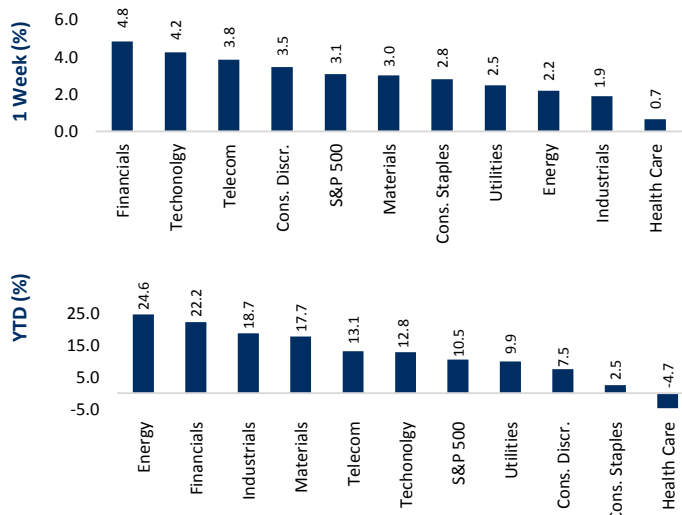
Date	Upcoming Week Macro Data	Cons.	Prior
13-Dec	CNY Retail sales (YoY) (Nov)	10.1%	10.0%
13-Dec	CNY Industrial production (YoY) (Nov)	6.1%	6.1%
13-Dec	CNY Urban investment (YTD) (YoY) (Nov)	8.3%	8.3%
13-Dec	CNY FDI (YTD) (YoY) (Nov)	-	4.2%
13-Dec	UK Core CPI (YoY) (Nov)	1.3%	1.2%
13-Dec	EU ZEW economic sentiment (Dec)	-	15.8
13-Dec	US NFIB business optimism index (Nov)	96.5	94.9
14-Dec	JPY Industrial production (YoY) (Oct)	-	-1.3%
14-Dec	UK ILO unemployment rate (3M) (Oct)	4.8%	4.8%
14-Dec	EU Industrial production (YoY) (Oct)	0.8%	1.2%
14-Dec	US Retail sales (MoM) (Nov)	0.3%	0.8%
14-Dec	US Industrial production (MoM) (Nov)	-0.2%	0.0%
14-Dec	US EIA crude oil change (Dec 9)	-	-2.4M
14-Dec	US Fed interest rate decision	0.75%	0.50%
15-Dec	JPY Manufacturing PMI (Dec)	-	51.3
15-Dec	EU Markit PMI composite (Nov)	54.0	53.9
15-Dec	UK Retail sales (YoY) (Nov)	5.9%	7.4%
15-Dec	UK BoE interest rate decision	0.25%	0.25%
15-Dec	US Initial jobless claims (Dec 9)	255K	258K
15-Dec	US Core CPI (YoY) (Nov)	2.2%	2.1%
15-Dec	US Markit manufacturing PMI (Nov)	54.3	54.1
16-Dec	EU Core CPI (YoY) (Nov)	-	0.8%
16-Dec	US Housing starts (MoM) (Nov)	1.22M	1.32M

Date	Upcoming Policy & Related Events
14-Dec	EU ECB non-monetary policy meeting, US FOMC monetary policy statement, US FOMC economic projections, US FOMC press conference, UK BoE Carney
15-Dec	UK BoE Monetary Policy Committee minutes, EU Council
16-Dec	UK BoE quarterly bulletin, US Fed Lacker

Equities	Value	1 Day %	1 Week %	YTD %	P/E	Div. Yld. %
S&P 500	2,259.53	▲ 0.59	▲ 3.08	10.55	20.23	2.05
Dow Jones	19,756.85	▲ 0.72	▲ 3.06	13.38	18.77	2.43
NASDAQ	5,444.50	▲ 0.50	▲ 3.59	8.73	23.16	1.18
Russell 2000	1,388.07	▲ 0.12	▲ 5.62	22.20	22.48	1.23
STOXX 600	355.38	▲ 0.97	▲ 4.72	-2.85	18.88	3.55
FTSE 100	6,954.21	▲ 0.33	▲ 3.32	11.40	26.76	4.10
Nikkei 225	18,996.37	▲ 1.23	▲ 3.10	0.64	21.58	1.72
Shanghai Comp.	3,232.88	▲ 0.54	▼ -0.34	-10.91	15.51	1.85
S&P Pan Arab	671.25	▲ 0.35	▲ 1.35	2.80	12.50	3.55
MSCI ACWI	1,677.89	▲ 0.16	▲ 2.90	-2.24	17.31	3.27
MSCI EM	877.85	▼ -0.17	▲ 2.90	10.54	13.67	2.61

Credit	Value	1 Week %	YTD %	Yield %
Barclays Global Aggregate	450.58	▼ -0.79	1.91	1.64
Barclays Global Agg. – Corporate	235.64	▼ -0.45	3.48	2.77
Barclays Global High Yield	1,177.90	▲ 0.97	13.49	5.99
Markit CDX N.A. Investment Grade	66.93	▼ -8.06	NA	NA
Markit CDX N.A. High Yield (price)	106.23	▼ -1.40	NA	NA
Markit CDX EM (price)	93.26	▲ 1.09	NA	NA
Markit iTraxx ITX Crossover	218.34	▼ -8.22	NA	NA
Markit iTraxx Europe	46.07	▼ -11.08	NA	NA

S&P 500 Sector



Rates	Value	1 Week %	YTD %	Yield %
Treasuries 2-Yr	99.74	▼ -0.07	-0.01	1.15
Treasuries 10-Yr	95.90	▼ -0.74	-4.15	2.51
Treasuries 30-Yr	94.63	▼ -1.78	-6.00	3.19
Gilts 10-Yr	100.44	▼ -0.65	-0.28	1.45
Bunds 10-Yr	96.56	▼ -0.80	-6.87	0.40
French 10-Yr	94.68	▼ -0.89	-5.69	0.86
Italian 10-Yr	93.02	▼ -1.25	-9.97	2.07
Spanish 10-Yr	98.07	▲ 0.26	-4.80	1.55
Greek 10-Yr	80.16	▼ -1.39	11.81	6.54
JGBs 10-Yr	100.63	▼ -0.04	0.25	0.08

Volatility	Value	1 Week %	YTD %
S&P 500 VIX	11.75	▼ -16.78	-35.48
Stoxx 50 VIX	16.62	▼ -26.51	-25.05
EM VIX	19.55	▼ -14.78	-14.67
Crude Oil VIX	32.67	▼ -11.49	-29.33
Interest rate VIX	89.13	▲ 0.26	8.99

Investment Style

	Value	Blend	Growth
1 Week (%)			
Large	3.2	3.1	2.9
Mid	4.3	4.2	4.1
Small	6.1	5.9	5.8
YTD (%)			
Large	11.8	7.2	2.9
Mid	22.0	16.2	10.2
Small	25.3	20.5	16.0

Commodities	Value	1 Week %	YTD %
Oil-Brent	54.33	▼ -0.24	45.73
Oil-WTI	51.50	▼ -0.35	39.04
Natural Gas	3.75	▲ 9.02	60.29
Gold	1,161.90	▼ -1.35	9.46
Silver	16.97	▲ 0.80	22.52
Copper	264.75	▲ 0.86	24.00
S&P GSCI	390.84	▲ 1.15	25.41

Currencies	Value	1 Week %	YTD %
EUR-USD	1.0561	▼ -0.97	-2.77
GBP-USD	1.2572	▼ -1.23	-14.69
USD-JPY	115.3200	▲ 1.59	-4.08
USD-CNY	6.9080	▲ 0.41	6.38
USD-CHF	1.0171	▲ 0.59	1.50
AUD-USD	0.7449	▼ -0.11	2.24
USD-CAD	1.3179	▼ -0.85	-4.77
USD-SEK	9.1893	▼ -0.27	8.86
DXY Index	101.5900	▲ 0.81	3.00

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For equity ideas or price quotes, please contact us

FFA Fixed Income Ideas

For fixed income ideas or price quotes, please contact our fixed income desk

Source: Reuters, Bloomberg, Barclays, Morningstar, WSI, CNBC, Briefing, FXStreet.

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