# Market News 01-11-2021



BST ended this past Sunday so our clocks are back one hour which means the difference with the US is now 4 hours, so please take note for this week. The US will then put their clocks back on 7th November, which will the restore the 5-hour differential.

Particularly important week for **global climate crisis** and for the **markets**.

COP26 gathering in Glasgow is attempting to make progress in solving the global climate crisis, which is made more difficult by the likes of China and Russia not sending their respective leaders. Despite this, the UK has never hosted so many world leaders at one time and optimism has increased slightly following the end of the G20 in Rome and the deal to end the international financing of coal.

The problem is economics and how best to ween the global economies off fossil fuels. Its ironic that OPEC meet towards the end of the week to discuss a increase in oil production by reversing some of the pandemic cuts.

International markets will be very keen to see what decisions are made at two of the world's key central banks.

More of that later.

Review

**FTSE +33 +0.46% DOW +142 ++0.4% S&P +60 +1.33% NASDQ +408 +2.7% DAX +145 +0.94% NIKKEI +87 +0.3% Hang Seng -749 -2.87%**

US stocks rebounded from disappointing results from Apple and amazon, to close out the month on a strong note – in fact, the best monthly performance so far this year.

European stocks trade sideways whilst the markets await the decision from the FED and the BoE on this rate rise.

**EURUSD -0.84 -0.72% GBPUSD -0.70 -0.51% USDJPY +0.51 +0.45%**

The USD rebounded sharply last Friday ahead of the key FOMC meeting this week. The ECB president, Lagarde, pushed back against market expectations for a rate rise mid next year by stating that the markets were wrong to think that.

**Gold -8 -0.45% UK OIL -2.17 -2.52% US OIL -0.87 -1%**
Gold tracking USD…..

Oil fell along with natural gas prices following the news from Putin that Russia would increase supplies to the European bloc.

**Data / Events this week**

Massive week for the markets. First week of the new month so we have the release of the US employment data – NFP – Non-Farm Payroll.

Plus, of even greater significance we have the Bank of England and the FOMC, the rate setting committee of the US' Federal Reserve. We also have the Reserve Bank of Australia meeting which could also be interesting considering the extreme moves in the bond markets.

Market expectations are for a change in policy which has become more certain over the past 10 days.

So, lets go through this busy week's releases.

Already we have had below par **Chinese PMI data** came in below consensus although you would not know looking at our markets on Monday morning

**Monday**

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| EU | **All Saints Day** so some EU states close today – German, France and Italy closed. Although most bourses remain open. |
| US | ISM manufacturing – Still red hot? |

**Tuesday**

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| Australia | First of the central banks this week. The 2-year bond yield target was blown away as the RBA succumbed to market forces.<br><br>Expect an announcement re the end of the yield curve policy tool – which has ended effectively when the Central bank allowed the 2-year bond yields to rise.<br>No change in official rates. IMPACT: Comment re timing of likely rise would bolster Aussie. |

**Wednesday**

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| US | **ADP employment change**. Slowing……. |
| Eurozone | Lagarde speaking – more feedback re market expectations?? |
| US | **ISM Services** – remaining red hot. |
| US | **FOMC statement**. The **start of the tightening cycle**. Widely expected to announce the start of the tapering of the Fed's $120 billion QE program – which should stop by June next year. No change in rates though.<br>**IMPACT** – Tapering priced in. Comments about dot plot re timing of first rate rise would impact stocks and USD. Markets are predicting a 50% of a rate rise by mid 2022 which is earlier than the FED are suggesting. |

**Thursday**

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| OPEC | Meeting to discuss possible marginal reversal of production cuts announced during the pandemic.<br>**IMPACT**: A decent cut would pressure oil at this time. |
| UK | MPC. Rate setting committee of BoE. Seems to be an odds-on certainty but it is possible they could delay until December, although this seems unlikely given Bailey's comments of late. It just depends on three dovish members of the committee. **IMPACT** - No cut and sterling would slide…... |
| Eurozone | Lagarde speaking again. |

**Friday**

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| US | Nonfarm employment change. Paradoxically the markets of comfortable with a slowing growth in |

employment as this reduces the risk of any early rate rise.

NFP – 397K new jobs. Average hourly earnings +0.4%. If that starts to rise markets might take note.

**IMPACT** – Large jump in NFP may cause another jolt in the bond markets and a further appreciation on the USD.