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## Workshop / Market News 09-08-2021

So **global equities did not get much help** from **Q2 earnings season** in the US which has largely run its course. **Good results overall**, matching **lofty expectations** but nothing really to drive the market higher.

The standout news last week was the **key US unemployment data** which produced some **headline grabbing numbers** as **job reaction continues to surge**. Including the revision for the previous month's numbers the **US labour force increased by over 1 million last month**. And the **unemployment rate fell to 5.4%**, much **lower than expected**.

The effect – Equities rallied along with the US Dollar, whilst bond yields jumped up.

### Review

**FTSE +91 +1.3% DOW +273 +0.8% S&P +41 +0.95% NASDAQ +163 +1.1%**  
**DAX +217 +1.4% NIKKEI -536 -2%**

Positive week for equities with the UK still benefitting from the reflation trade.

US enjoyed the NFP data but questions will be asked again about the inflationary effects of such strong data.

Overnight some of the shine was taken off the rally in US equities Friday as investors worry about inflation.

They won't have to wait long to find out as CPI data is one of the key releases this week.

**EURUSD -1.09 -0.9% GBPUSD -0.4 -0.28% USDJPY +0.53 +0.48%**

The US Dollar rallied against most majors Friday, especially the EURO which lost 0.75% by end of the European day.

Sterling remains more resilient following a more hawkish report from the MPC last week.

**Gold -50 -3.3% UK OIL -5.48 -7.2% US OIL -5.68 -7.7%**

**Bitcoin +629 +1.5%**

Gold was smashed by the NFP numbers, which had been a concern leading up to the NFP data.

**Gold is especially vulnerable** to the **tapering of QE** in the US. If QE is gradually removed, **rates will rise** which will **hit gold**. One of the major costs associated with gold is the funding charge.

**Oil also suffered from the US Dollar rally** but also on **concerns over demand** as the **delta variant takes more hold in the far east**.

### **Data / events**

A **relatively sparse calendar** for data releases this week which is the usual case for second week of the month and post NFP.

### **Monday**

US                      2 members of FOMC speaking. Interesting to know what the **FOMC is thinking** considering **NFP data** and reaction by **US Dollar & Gold**.

### **Tuesday**

Germany              **ZEW Economic Sentiment** – a survey of German institutional investors and analysts.  
**Further falls expected** after peaking two months ago....

### **Wednesday**

US                      CPI – Inflation data. **Very, very keenly anticipated** considering last week's NFP data. **Core expected at +0.5% - any higher and USD and equities WILL react**.

US Weekly oil inventories. **US Dollar strength** seems to be just as important as storage data just now. Following last week's stock build we are expecting a drawdown. Ebb and flow....

#### **Thursday**

UK First release of **UK GDP in Q2** – 4.8% - slightly lower than previous expectations.

#### **Friday**

US **PPI – precursor to inflation.** Costs of good and services going into production. Pressure building and will likely build more as the **Biden administration** looks set to get the **infrastructure spending** going. This is happening at a time when building materials, base metals are all in short supply and rising in price.