

The Week Ahead

The Weekends key news:

- OPEC+ reaches a deal (finally) to raise oil output of 400K bpd from August with new baselines awarded to some members.
- The pandemic has a new epicenter – South East Asia, especially Indonesia, mimicking the suffering that ravaged India/Brazil.
- German flood cleanup/rebuild with Merkel visiting arguing for faster commitment to climate goals
- UK to go ahead with lifting measures (while Boris Johnson and Chancellor make rapid U-turn and self isolate after coming in contact with health secretary Javid who tested positive).
- South Africa continues the cleanup while the government has vowed to arrest and prosecute those behind it; some indirectly calling it an attempted coup
- First athletes test positive at Olympic village

Week Ahead July 17-23

Focus: US earnings fully underway and the messaging on inflation headwinds is important. The ECB, SARB and Russia make policy decisions; EM CBs have been proactively hiking to curb inflation passed on from the rich world (and essentially prompting the carry trade), while the mkt will look to ECBs/Lagarde's language after they changed their monetary policy strategy earlier this month. US housing stats (ultra low interest rates and MBS purchases spurring a housing boom that has some Fed officials on hawkish alert) and Markit PMIs, are data to watch. . Monitor COVID rates in South East Asia, SA political risk/further unrest, and Oil price action (after OPEC announcement) since it has led the commodity boom

Other non market events: Summer Olympics kick off (with no spectators), Bezos will launch into space, and UK goes ahead with lifting pandemic restrictions ("Freedom Day")

Monday, July 19

- UK lifts restrictions.
- SA's former President Jacob Zuma appears in court (re: his plea for the prosecutor to be removed from his graft case) as the country still grapples from the past weeks riots.

Tuesday, July 20

- Economic Data: Current account balance: Eurozone. German PPI. Australia RBA meeting minutes. U.S. housing starts & building permits

Wednesday, July 21

- Elon Musk and Jack Dorsey will discuss Bitcoin at an event called "The B Word." Bitcoin has retreated back into the shadows remaining contained \$30-\$40K and poses less of a risk to Gold, but still is a somewhat of a driver of risk sentiment broadly.
- Economic Data: U.K. public sector net borrowing. South Africa CPI

Thursday, July 22

- ECB rate decision (& Christine Lagarde briefing): they will need to adjust the language around interest rates & bond purchases to their (new) inflation outlook.
- South African Reserve Bank rate decision (even more critical given the headwinds from recent protests on future growth, UE & inflation)
- Economic Data: U.S. initial jobless claims, leading index, existing home sales. The US is grappling with a housing/ affordability issues and rising home prices. The existing home sales June report will indicate if rising prices / limited inventory are continuing to weigh on homebuying.

Friday, July 23

- The Bank of Russia is due to also ramp up tightening pace (potential hike of 75bp) as inflation runs well above target and isn't easing; they'll join a growing list of G-20 CBs tightening especially after the Fed gave the taper greenlight.
- Economic Data: Markit PMIs for France, Germany, Eurozone, U.K., U.S.

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