

Investment and Research Group**Asian Stocks Track U.S. Rally as Traders Buy Dip**

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- Asian stocks rose early Wednesday in the wake of the biggest advance in U.S. equities since March as anxiety over the economic impact of coronavirus flareups eased. Treasury yields held gains.
- Shares climbed in Japan, Australia and South Korea. U.S. equity futures edged higher after bargain hunters helped the S&P 500 to all but erase Monday's slide in a comeback for the reopening trade, led by cyclical sectors such as industrials and financials. A gauge of U.S. small caps jumped 3%.
- A rally in Treasuries has paused, sending 10-year yields back above 1.2%. It remains to be seen if the recovery in yields has legs amid lingering concerns about the delta virus variant that led traders to pare back bets on a Federal Reserve rate hike.
- The dollar was steady against major peers after advancing for a fourth day. Oil pared gains and Bitcoin held below the \$30,000 level.
- Spiking cases of the more contagious delta strain and curbs to fight infections in a range of nations spooked investors this week. But loose U.S. monetary policy, still-high levels of economic expansion and robust corporate earnings growth remain powerful props for sentiment, encouraging retail investors to buy dips in equities.
- “We had a dip, we had a shock, there is fear of the delta variant and there is the other side -- which is some day we get beyond Covid and when we do, we have a worldwide recovery,” David Kotok, Cumberland Advisors Inc. chief investment officer, said on Bloomberg Television. “We are seeing that tension going on in the the markets for the last few days.”
- Data showed U.S. housing starts increased in June by more than forecast, suggesting residential construction is stabilizing despite lingering supply-chain constraints and labor shortages.
- Elsewhere, traders are monitoring ongoing political talks over a bipartisan \$579 billion U.S. infrastructure spending package, part of President Joe Biden's plan for a major fiscal injection into the U.S. economy. Separately, Biden administration officials said they're starting to see signs of relief for the global semiconductor supply shortage.