

Bloomberg

Asian Stocks Mixed, All Eyes on China Evergrande as Stocks Resume Trading

By Andreea Papuc (excerpt)
October 20, 2021

U.S. futures ended on a down note after a mixed session that saw the S&P 500 climb towards a record high and the Nasdaq 100 fall. Longer-term Treasuries held a drop in the wake of a disappointing 20-year auction. The 10-year breakeven rate, a proxy for where investors see annual inflation rates over the next decade, hit its highest level since 2013.

Corporate results from the earnings season have helped to alleviate, although not eliminate, inflationary pressures that could slow the economic recovery from COVID-19. These pressures continue to mount thanks to the continuing global energy crisis and supply chain bottlenecks. ...

... In the latest comments from the U.S. Federal Reserve, Governor Randal Quarles said he favors an initial move to begin asset tapering in November 2021. He added that he was concerned about mounting inflationary pressures that could require a policy response.

The Fed is “trapped in a very difficult situation,” Mainstay Capital Management chief executive officer David Kudla told Bloomberg. This is due to the possibility of asset tapering followed by interest rate hikes amid a significant slowing of economic expansion, he added.

Fed Chairman Jerome Powell will take part in a policy panel discussion on Friday. The U.S. will also be releasing data, including the Philadelphia Federal Reserve Manufacturing index and existing home sales, later in the day.