



## **CIO OFFICE MORNING MARKET WRAP – 5th July, 2021. ALSO AVAILABLE ON ALEXA.**

Last week, markets took comfort in the abundant economic data, combining enough growth to justify elevated valuations with elements supporting a continuous stimulus support for now. This explains why most of asset classes were modestly, but unambiguously well oriented.

The international week starts today with closed US markets for the 4th of July, after having printed an all-time record every single day last week. As we write, direction is unclear in the morning session in Asia. Defensive assets are slightly in the green. Stocks are slightly up in Korea and India, and slightly down in Japan, onshore China and Hong-Kong. The latter is reacting to Beijing making another move to curb the influence of its technology giants. The authorities are probing the Chinese Uber, Didi, as well as other online platforms, with regards to their data policy. On the economic front, the Caixin PMI Index for Chinese services came at 50.3, just above the extension line and well below expectations, confirming a significant deceleration in growth.

Going South, the Reserve Bank of Australia is expected to start reducing some stimulus at their monthly policy meeting on Tuesday. Finally, as we write, future oil contracts are nervous in Asian markets: the OPEC+ has not found an unanimous agreement on the future output last week. The key question in debate is not about the short-term increase but about extending the baselines of the current framework until the end of 2022. The next meeting is scheduled on Monday and it will be important to follow.

PMI indices for services will be released in the coming days, among which the US ISM tomorrow, with the median forecast expecting a very high 63.5. The minutes of the important June FOMC meeting will be published on Wednesday.

Stay safe.

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