



## **CIO OFFICE MORNING MARKET WRAP – Monday September 6<sup>th</sup>, 2021. ALSO AVAILABLE ON ALEXA**

This morning in Asia, Japanese equities are up with the indices extending gains from decade highs on Friday, on optimism for new economic policies with a larger spending agenda, on news that Prime Minister Suga will step down. China's latest regulatory announcement is to tighten supervision in the financial services industry and Beijing's municipal government is planning an investment in Didi Global, giving state-run firms control of the ride-hailing company, but markets are trading up this morning, both the domestic Shanghai Composite Index and the Hang Seng Index. China stocks had a flat August, albeit some sharply down trading days following volatility in July. Last week saw Japan, India and China lead returns close to 5% with US markets led by tech with the Nasdaq up 1.5% and Europe markets flat.

UAE markets are amongst the top performers with the MSCI UAE index +34% year to date, and could be further boosted with a slew of reforms and “green visas” to attract talent and boost growth. 50 economic initiatives aimed at diversifying away from oil have been launched including a drive to attract \$150bn in overseas investment within nine years and enhanced trade with Asia. The UAE economy is showing clear signs of recovery with PMI numbers for August still in the expansion territory at 53.8, marginally lower than the 54 of July. Firms said input costs rose but supply times were lower. UAE public capital markets are dominated by banking and real estate and trading volumes and interest from international investors has been low, though picking up. The UAE is just 0.76% of the MSCI EM index with 9 stocks participating. The recent investor interest in International Holding Co and Alpha Dhabi has broadened the market narrative. ADNOC Drilling intention to IPO in October is a welcome addition.

The ECB will decide this week if it should dial back economic stimulus. ECB President Christine Lagarde holds a press conference after the bank’s rate decision on Thursday. As this is largely expected the market impact, if any should be limited. In local currency the European market performance has after many years kept pace with the U.S. with over 20% returns year to date. The German DAX reconstitution and expansion is positive for the broadening of the Index with many new economy companies such as Zalando expected to be in the new 40 stock Dax.

U. S. markets are closed today. Friday’s disappointing job report did not impact the market which had a positive week. The U.S. economy added 235,000 jobs in August -- the smallest gain in seven months with the delta virus variant spread seen as a slowing factor. This may prompt Fed policy makers to delay considering a move to scale back asset purchases at their September meeting. The US 10 year Treasury yield is at 1.32% after rising 4 bps on Friday (no Treasuries cash trading today), gold is steady at \$1826 and Brent Oil futures slightly lower at \$71.77/barrel, as the KSA lowers oil prices for Asia. Bitcoin and Ethereum continue last week’s rally with Bitcoin over \$51,000 and Ether over \$3,900. Stay safe.

**MAURICE GRAVIER**  
Chief Investment Officer  
Wealth Management  
Emirates NBD

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