CIO OFFICE MORNING MARKET WRAP – 7th June, 2021.
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Last week’s avalanche of economic data provided an updated picture on the current backdrop. The global economy confirms its strong rebound, led by the west, and firing on all cylinders as services are quickly catching up with manufacturing activities. Job creations however remain subdued, which gives no reason for the central banks to reduce their support for now. This explains why last week was positive for both stocks and bonds.

As we write, the morning session is mixed in Asia. Stocks are slightly down in Hong-Kong and China. China’s trade numbers for May came out slightly below expectations. Year-on-year growth was respectively +27.9% for exports and +51.1% for imports, but the consensus of economists was hoping for a bit more on both. Stocks are slightly up in Korea and Japan. Interest rates are marginally firmer at 1.57% for the 10-year. US Treasury Secretary Janet Yellen said yesterday in an interview that spending plans should be pushed forward even if they trigger inflation, and that “slightly higher interest rates would be a plus”.
Oil prices hold their gain, with the future contract on Brent crude trading above $71, helped by the comments from one of the leading commodity traders who said that Chinese growth should support demand looking forward while supply is mostly in the hands of the OPEC+ with low capacity utilization for the US and no supply from Iran before the end of the year. Nuclear deal talks with Iran will reconvene in Austria on Thursday.

There is no major economic data today and the focus for the week ahead will be on US inflation data and on the ECB meeting, both on Thursday.

Stay safe.

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