



CIO OFFICE MORNING MARKET WRAP – 7th September, 2021. ALSO AVAILABLE ON ALEXA.

A good day for global markets (the U.S. was closed). Asian equities, i.e. Japan and China gained continued a week-long rally into this morning. The Hang Sang Index is up this morning as is the domestic Shanghai Composite. Japan indices at 30 year highs with the Nikkei rallying in the addition of gaming stock Nintendo. European markets saw the Stoxx Europe 600 index gain 0.7%, near its recent record on continued encouraging economic data, whilst financial conditions remain supportive. Thursdays ECB decision remains key for European markets though we expect the sideways to upward rally to continue. Expect the same from US equities as the consensus is that the Fed will delay a tapering announcement to possibly November and this is improving investor sentiment.

The resurgence of the virus is being treated in stride by governments and booster shots are now being announced in the U.S. and in Italy for the vulnerable. Whilst the US job report spoke of no gains in leisure hiring reports, travel within Europe for holidaymakers indicate the recent easing of travel restrictions has led to holiday makers take advantage of the last few days of school holidays. Heathrow airport, London had record queues over the weekend as travellers returned from Europe. The US 10-year Treasury yield is higher at 1.34%, gold is steady at \$1825 and Brent Oil futures steady at \$72.5/barrel. Bitcoin and Ethereum continue last week's

rally. El Salvador has made Bitcoin legal tender whilst UK and US regulators are looking at rules and regulations around crypto trading.

A flat day of trading for UAE markets. Banks have remained the biggest contributor to gains in the Dubai and Abu Dhabi indices followed by real estate for Dubai and IHC and Alpha Dhabi for Abu Dhabi. Many factors in place for continued upside as valuations not stretched relative to global indices, oil trading over \$70 positive for government spend and real estate offtake both rentals and end user continues on the uptick.

China trade data, both exports and imports beat expectations and grew, with global logistics, port and labour disruptions due to the outbreak of the delta virus having limited impact on trade. Exports rose 25.6% in dollar terms from a year earlier, while imports grew 33.1%, resulting in a trade surplus of \$58.3 billion for the month. Consensus was for exports to increase 17.3% and imports 26.9%. Whilst this is off a low August base as most of the world last year was in lockdown it is reflective of the global economy returning to normal and China's domestic economy also recovering in spite of the recent surge in virus cases. As Europe is a major trading partner this is particularly reflective of European manufacturing and demand returning to pre pandemic levels.

Stay safe.

MAURICE GRAVIER
Chief Investment Officer
Wealth Management
Emirates NBD

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