



CIO OFFICE MORNING MARKET WRAP – Monday 8th February 2021. ALSO AVAILABLE ON ALEXA.

As we wrote yesterday, last week was very positive for risk assets, lifting several equity indices to record highs and interest rates at a 2021 high. Yesterday's session didn't see radical moves in our regional markets. The international week starts on a good foot as well. As we write, Asian stock markets are clearly positive. Japan leads with a 2% gain, followed by onshore China and Hong-Kong, up 1%, and Korea almost unchanged. Western future contracts are also in the green. The US 10-year treasury yield is firmer, close to 1.18%, the price of Brent crude Oil is approaching \$60, and Gold is slightly, and logically, down.

There are two reasons supporting this continuation of last week's risk-on pattern. The first and most important is a confirmation, over the weekend, of an inflexion in the number of new infections in the US, Germany and Japan. It is of course too early to call for the end of the virus or of the current wave, but it's a relief as recent data was in the opposite direction with additional concerns from the variants. The second reason for investors' optimism is that Janet Yellen provided them with their daily dose of fiscal dreams. She pushed the current \$1.9tn stimulus plan and said that with it, the US could return to full employment in 2022. Another powerful lady was in the media over

the weekend; Christine Lagarde predicted that Europe's recovery will accelerate in the second part of the year but also recommended governments to maintain their fiscal support for longer. The Magic Money is abundant, which is the theme of our 2021 Global Investment Outlook which was officially communicated to the press yesterday.

The week ahead will be US centric as often, between Mr Trump's impeachment trial and a series of speeches from Fed officials. Earnings season will include L'Oreal, SoftBank and Cisco Systems. The US consumer price index will come Wednesday and of course the Lunar New Year public holidays begin in Asia.

Stay safe.

MAURICE GRAVIER
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