



CIO OFFICE MORNING MARKET WRAP – 8th June, 2021. ALSO AVAILABLE ON ALEXA.

It looks like Goldilocks: economic growth is strong and globally getting stronger, while job creations in the US are contained, giving visibility on monetary policy. Of course, markets appreciate. Monday was a good start to the international week with stocks gaining 0.2% on average in developed markets and 0.5% in emerging regions. The latter were helped by some weakness in the dollar, down 0.2% on a trade-weighted basis. Interest rates were marginally firmer, with the US 10-year Treasury yield adding 2 basis points to 1.57%. The price of Brent crude oil consolidated by -0.6% to close at \$71.5.

As we write this morning, Asian markets are generally in a consolidation mode too. Shares are marginally down in Japan, with however a spectacular outlier: biotech firm Eisai has reached its upper limit, as it is part of a partnership with American firm Biogen who got an approval yesterday from the US FDA for their Alzheimer's drug. This didn't happen for any drug on the neurodegenerative disease since 2003. The debate however remains over its efficacy and Biogen still needs to conduct more research. GDP for Q1 was also released in Japan: the -3.9% year-on-year drop was less than the -5% expected by the consensus. Stocks are down 0.8% in onshore China, -0.3%

in Hong-Kong, and close to unchanged in Korea and Australia. The dollar is marginally ticking up and treasuries are sought after as the 10-year is back to 1.56%. Oil prices continue to consolidate. Finally, future contracts on US indices are well oriented, especially the Nasdaq which includes Biogen. Some technology stocks are however in focus from the recent G-7 agreement on a global minimal corporate tax level for multinationals. The text targets companies with a profit margin of 10% or more. However, the plan is being adapted to make sure that an internet giant like Amazon, which at the group level is below the threshold, is included.

Today we will have a look at the second estimation for Q1 GDP for the Eurozone, expected at -1.8% year-on-year, as well as the German ZEW confidence survey. The major events of the week are on Thursday with the ECB meeting and the US CPI number. ON our side, we will hold our tactical asset allocation meeting today and may consider starting to progressively reduce our strong overweight to risk. We'll of course keep you posted.

Stay safe.

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