



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

Last week was positive for all asset classes, with robust corporate and economic data supporting cyclical assets on one side, and carefully calibrated communication from central banks supporting bonds on the other. Our regional markets didn't break the trend yesterday, even if there were some profit taking on booming real estate stocks. Dubai and Abu Dhabi closed at respectively -0.3% and +1% yesterday. So far in 2021, the MSCI UAE has delivered a +44% total return, making it one of the clear leaders in the emerging markets sphere – on which we are happy to be overweight.

The week ahead will be animated by the remaining of the Q3 earnings season – almost 3 global companies out of 4 have already reported, and by data on inflation which will without a doubt be widely commented. On the political scene, today will see the beginning of the Chinese Communist Party's sixth plenum. Plenums are held regularly within the 5-year Chinese political cycle, between the party's major quinquennial congresses. The sixth and last one of the cycle, which starts today, is important as it potentially announces the major orientations to be (usually unanimously) approved by the congress. It matters as policy priorities from the world's second economic power are a key question for both investments and the global economy. According to some sources, President Xi could present a so called "historical resolution", following examples of leaders Mao in 1945 and Deng in 1981. This resolution could enforce and detail the common prosperity doctrine domestically, and reaffirm priorities on the international scene, including Taiwan. Under such a scenario, it is also not impossible to see President Xi securing power for the years to come. We will know more once this closed-door event ends on Thursday.

Staying in Asia, markets are mixed this morning as we write. Stocks are flat in Japan and in China's domestic markets, and down respectively -0.5% and -1% in Hong Kong and Korea. India just opens on a slightly positive note. Interest rates are slightly higher, with the US 10-year Treasury yield trading up 3 basis points to 1.48% as we write. On the commodity front, gold is unchanged at \$1819, and the price of Brent crude oil is up 1% to \$83.7. This comes after Saudi Aramco hiked December prices last Friday for their clients, in a clear signal that KSA resists US pressure to raise output. Major crypto assets are sought after: bitcoin is trading at \$65000 and ether at \$4725 is printing a new all-time high.

In other news, Elon Musk's Twitter consultation has spoken: he should actually sell 10% of his stake in Tesla, which represents around \$20bn. The US House of Representatives has also spoken yesterday: as expected, Joe Biden's \$550 billion infrastructure bill has passed and should be signed soon by the President. The process has however highlighted divisions within Democrats, with the most progressive wing taking distance with the arguably more centrist administration.

Today we will have a look at US Producer Price Index for October – the core measure excluding food and energy is expected to have risen 6.8% year on year. The key inflation gauge will however be the Consumer Price Indices released later this week.

Stay safe.

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