



CIO OFFICE MORNING MARKET WRAP – Wednesday 10th February 2021. ALSO AVAILABLE ON ALEXA.

Let's start with history: yesterday, Hope Probe successfully entered the orbit of Mars at 7.42 PM Dubai time. The UAE is now one of the only five nations in the world to have ever sent a spacecraft to Mars, proving once again that in this country, the impossible is definitely possible.

190 million kilometers closer to us, financial markets were little changed on earth Tuesday. Global stocks added 0.3% on average, but the US closed slightly in the red, ending a six day winning streak. Interest rates were unchanged with the 10-year treasury yield closing at 1.16%. There was more action on oil markets, with the price of Brent crude oil gaining 1.2% and clearing the \$61 mark. Demand could be improving with the cycle, and on the supply side, the US EIA short-term energy outlook sees US output still declining in the coming months. This combined with a weaker US dollar, down 0.3% against trade-weighted counterparts, and with the ongoing vigilance of Saudi Arabia, to support oil prices.

In the news today, we would highlight a reiterated message of tolerance toward inflation from Fed officials. Robert Kaplan clearly said that a temporary spike in inflation wouldn't surprise him, and implicitly the FOMC members, and doesn't see reasons for a long-term rise. The Fed chairman Powell will speak today on a webinar and should echo this remarks. The inflation risk is currently on top of investors' minds, especially as there are progress on President Biden's \$1.9 trillion fiscal package, which now includes \$25 billion for restaurants. To stay in the US, Donald Trump's second impeachment trial will proceed after the Senate confirmed it is constitutional. On the virus front, recent data from Israel indicate a robust protection from the vaccine with regards to mortality: there were "almost" no vaccinated patient among the persons who died from the virus in the last 30 days. In Europe, the Russian vaccine Sputnik V has cleared the first step of a potential approval process in the Union.

As we write, the early hours of the Asia trading session are quiet, especially as domestic markets in China are closed: the country enters a week-long break for the Lunar Year celebrations Japan, Hong Kong and South Korea are slightly up, with Tencent outperforming after a broker recommendation upgrade. Future contracts are fluctuating in a narrow range, should it be on Western stock indices, commodities or interest rates.

Finally, Emirates NBD's CIO Office held its annual Global Investment Outlook event yesterday, in a webinar format, with over 700 distinguished live attendants. We thank you for your time and attention, hope you enjoyed it and will soon have a replay available.

Today we will get the important US consumer price index and listen to Mr Powell's speech, and the earnings season will continue especially in Europe.

Stay safe.

MAURICE GRAVIER
Chief Investment Officer
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