



CIO OFFICE MORNING MARKET WRAP – Thursday February 10, 2022. ALSO AVAILABLE ON ALEXA

A broad based rally across markets from Asia to the US yesterday has been followed by a flat to positive Asia open this morning. China mainland, the UAE and India saw gains of a percent, European equities were up 1.7% and the day ended with the US S&P500 +1.5% and the Nasdaq +2%. US treasury yields fell with the 10 year yield at 1.92% and the 2 year at 1.36%. The US January inflation report will be released later today. Expectations are for a 7.2% y/y increase in the CPI. A reading above this may increase volatility as the market will start to pencil in a steeper tightening cycle and a possible 50 bps increase in March The US Dollar strengthened and gold is up at \$1835. Oil has stabilized at around \$90 for Brent. With yesterday's broad rally across regions and sectors global equities are -2.8% year to date recovering from January's sell off with developed market equities -3.2% and Emerging market equities positive at 0.7%.

Positive regions ytd include the U.K. Hong Kong, China, India, the UAE and the KSA. Whilst most global sectors were positive yesterday only financials and energy are up year to date.

Macro drivers continue to direct the broader equity markets. In focus remain Central bank lift offs with rates and yields up. US, UK, Germany sovereign yields are close to 2 year highs and Bunds are positive for first time since 2019. The interplay between rates, central bank policy and equity valuation multiples is fundamental and should not be surprising. Research analysts are producing reports about how undervalued and cheap many companies are as almost every high growth asset has been aggressively de-rated. Many buying opportunities are being generated Some of these high growth businesses will continue to generate strong cash flows and offer upside. However volatility specially before the March Fed meeting will continue.

On earnings Uber and Disney aided sentiment with strong earnings. Disney rose 6.6% post market, with an additional 11.8 million new subscribers to its streaming service. This is in contrast to Netflix that saw stagnant subscriber growth causing a 33% drop in the stock price this year. Uber also rallied post market after revenue beat and it recorded the most active users in its history. The CEO spoke of a strong rise in mobility. Today we see the Reserve Bank of India meeting, U.S. Jan. CPI and weekly jobless claims, Bank of England's Bailey speaks and the OPEC monthly oil market report. A big day with earnings including AstraZeneca, TotalEnergies, Linde, Siemens, Unilever, Pernod Ricard, Credit Agricole, SocGen, ArcelorMittal, Credit Suisse, Coca-Cola, Pepsico, amongst others. Stay safe.

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