



## **CIO OFFICE MORNING MARKET WRAP – Monday 11th January 2021. ALSO AVAILABLE ON ALEXA.**

The Democratic party gaining control of both houses of the US congress was the key reason behind last week's rise in cyclical assets, with a heightened probability of more fiscal stimulus. Following this blue sweep and the assault on the US Capitol, the pressure is mounting on President Trump in the last 10 days of his term. The Democrats are initiating another impeachment procedure, and major social media such as Twitter and Facebook have banned his personal accounts from posting. The President is indeed still active: the Trump administration said yesterday that the US will normalize their diplomatic relations with Taiwan, which triggered a strong reaction from China, calling for retaliation. Beijing also issued new rules to protect its companies from "unjustified foreign laws".

In Asia precisely, the early trading hours of the second week of the year are overall steady. The US dollar keep its positive momentum, supported by higher US interest rates. It climbs for a third day against major peers. Treasury futures are flat. Stock markets are slightly positive led by South Korea and Hong-Kong, while Chinese domestic stocks are flat and Japan is closed for a holiday. Futures on Western indices are slightly up in Europe and down in the US, and Oil contracts consolidate after their

spectacular returns of last week. The March Brent future currently trades at \$55.2, down 1.2%. Bitcoin is sharply down at \$35k, but still up 20% so far in 2021.

Closer to us, Saudi Arabia has unveiled a spectacular smart and sustainable city as part of its Neom megaproject. The car free tech and business hub called The Line will be 170km long and have 1 million residents.

In the week ahead, we will focus on the start of the Q4 earnings season, which includes US megabanks as well as Taiwan Semiconductor. Thursday will see a speech from Fed chair Jerome Powell and potentially more precise indication on Joe Biden's fiscal plans. US Retail sales, industrial production and consumer sentiment are due Friday. We will also hold our monthly tactical asset allocation committee on Tuesday.

Stay safe.

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