



CIO OFFICE MORNING MARKET WRAP – April 13th, 2021. ALSO AVAILABLE ON ALEXA.

After the records of last week, Monday's session was mildly negative on financial markets. Global stocks fell 0.5% on average, with Emerging Markets, Japan and Europe down and the US roughly unchanged. Interest rates were steady, with the 10-year Treasury yield adding one basis point to 1.67%. The price of Brent crude oil was firmer, up 0.5% to \$63.3, helped by a slightly weaker dollar, down 0.1% versus the euro and the yen in particular.

In the news today, the infection numbers continue to be a concern globally after an overall improving March. In the US, the weekly death toll rose for the first time in months and infections climbed. India is worrying as the country overtook Brazil as the world's second most affected country. On the economic front, China just released their trade numbers for March. The +30.6% year on year increase in exports is impressive but it came below expectations of 38%. Imports were by contrast much higher than expected, at +38.1% in dollars versus a consensus of +24.4%. The trade surplus was as a result much smaller than forecast. Bottom line, this tends to confirm that growth in China should be decelerating as the steepest phase of the recovery there is already behind us. Still, the economic situation remains enviable in absolute and the surge in

imports illustrates a robust internal demand which is in line with the aspirations of the country to rely more on its domestic engines than on being the factory of the world. Staying in China, Janet Yellen won't name Beijing as a currency manipulator in the upcoming semi-annual FX report. This "name and shame" designation from the US administration doesn't have major practical implications anyway - currently Switzerland and Vietnam wear this tag - but any source of friction between the two super-powers being avoided is good. In the corporate news, Credit Suisse cut bonuses massively after the disaster from their Archegos trades. Semiconductors are in the spotlight: Nvidia unveiled its first server microprocessor, adding a new business line in direct competition with Intel. The latter is in talks to provide chips to carmakers which are currently dealing with shortages. Semiconductor supply chain is a concern at the highest levels of the US administration: President Biden proposes a \$50bn bill to fund manufacturing capabilities in the US which seems to have bipartisan support.

As we write this morning, the morning session of Asian markets is positive. Stock indices are up everywhere, from 0.5% in onshore China to 1%+ in Japan, Hong-Kong and Korea, following up on the benign close of US markets last night. Futures on western stocks are also mildly positive, as are contracts on oil. Gold is stable while Bitcoin is back above the \$60,000 mark.

The important number today will be the US Consumer Price Index for March at 4.30PM Dubai time. The consensus expects a +0.5% month on month increase, or +2.5% year-on-year. We will also get February GDP from the UK and Germany's ZEW survey, as well as the OPEC monthly oil market report. Importantly, the corporate earnings season will really kick off this week. LVMH will report their first quarter sales, and we will get in the coming days an avalanche of banks Q1 results, including JP Morgan, Citi, Bank of America and Goldman Sachs.

We wish you and your families a blessed Holy Month of Ramadan.

Stay safe.

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