



## CIO OFFICE MORNING MARKET WRAP – April 15<sup>th</sup>, 2021. ALSO AVAILABLE ON ALEXA.

Markets were relatively quiet on Wednesday. Global stocks added 0.3% on average, led by emerging markets, while developed markets were slightly positive in Europe and down in the US at the close. The big event in Wall Street was the listing of Coinbase, the largest US crypto exchange. The share price opened at \$381, spiked to \$429 and closed 14% lower at \$328. The market capitalization briefly exceeded the amazing \$100bn mark, and is currently worth around \$65bn which, by comparison, is close to the price tag of GlaxoSmithKline. The price to earnings ratio is actually materially different, not far from 200 times. One can applaud the timing of the listing, as crypto assets are printing new records every day, but also point out another sign of irrational speculation.

Interest rates were overall slightly firmer, adding on average 2 basis points between the 5 and 30 year maturities, with the 10-year treasury yield closing at 1.63%. Energy was much more buoyant: the price of Brent crude oil moved up 4% to \$66.3 after US crude inventories showed a significant weekly drop. Stockpiles data are another indication of an improving demand, but the market will get more supply from both OPEC+ and US producers in the coming months. Finally, the trade-weighted dollar

moved down 0.2% today. In a speech at the Economic Club of Washington, Jerome Powell confirmed the Fed's support to the recovery, and said that it will start tapering asset purchases "well before" considering raising interest rates.

Asian markets are muted as we write this morning, taking note of the negative close of the US and of the consolidation of its technology sector. Shares are down 1% in Hong-Kong and China as the Chinese central bank keeps on draining liquidity from the financial system, taking the exact opposite direction compared to their Western peers. The recent sell-off of distressed-debt enterprise China Huarong Asset Management is also a specific negative for Chinese markets. By comparison, Japan and South Korea are slightly up. There is not much action in interest rates, Western stock futures and commodity prices this morning.

Today will be rich in terms of data. The earnings season really kicks-off with US financials such as Bank of America, Citi and Blackrock, as well as Taiwan Semiconductor, while L'Oreal and Publicis will update on sales. With regards to economic data, Consumer Price Indices will be released for Saudi Arabia, Germany, France and Italy. In the US, we will get March retail sales and weekly jobless claims at 4.30PM Dubai time. Finally, the first rate-decision from Turkey's central bank under the new Governor will be communicated at 3PM. The consensus of economists expects no change in the key policy rate due to the current combination of rising inflation and weakening Lira.

Stay safe.

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