



## CIO OFFICE MORNING MARKET WRAP – 15<sup>th</sup> April, 2022.

Thursday was the end of the week for many markets which will be closed for the Easter weekend, especially in the West. Intraday winds were not favourable. Global stocks were -0.8% lower on average in developed markets and roughly flat in emerging ones, with US and growth stocks underperforming as interest rates resumed their rising trajectory. The US 10-year Treasury yield added +12 basis points to close at 2.82%, and the increase was +13 basis points for the 5-year to reach 2.78%. This put gold and bitcoin on the back foot, both in the red yesterday. The price of Brent crude oil rose +2.9% to \$111.7.

The ECB held its monthly policy meeting and press conference. As expected, the central bank was rhetorically on the hawkish side, but provided no details on actual implementation: no policy change, and no explicit end-date on the asset purchases. It was about setting the scene for the June meeting. On the corporate side, Wall Street banks posted solid results overall, with better trading revenues but below trend investment banking fees. The big news was in the tech sphere: Elon Musk offered to buy Twitter for \$54.20 per share in cash, representing a value of around \$43bn and a 54% premium. The offer looks unwelcome by the company and aims at taking Twitter private, to make the desired changes in the direction of more free-speech and more value being unlocked. The rationale appears straightforward: Mr Musk sees the potential of a platform which struggles to make money for years (if not forever), but has wide adoption and now plays a significant role in the transition to web3, as a preferred mean of communication for the crypto community in particular. The prominent entrepreneur and

billionaire had earlier disclosed a stake of about 9% in the social media on April 4th. It appears clear that in case the acquisition doesn't succeed, he will probably not remain a shareholder. Indeed, between his net worth and his influence, he may be able to consider building a competing platform. Shares of Twitter closed lower, which is a radical reaction, as some shareholders and analysts already stated that the price is too low. Shares of Tesla also closed -3% lower over the risk of "distraction" of their CEO. In other corporate results, the leading semiconductor manufacturer TSMC posted a stellar quarter.

As we write this morning, stock markets are overall modestly negative in Asia. Among the few markets open amid Easter holidays, Japan, Korea and Chinese onshore markets are down -0.5% on average. With regards to the latter, the PBOC unexpectedly didn't cut its policy rate today, but indicated it will imminently reduce the reserve requirement ratio for banks. Treasury and many commodity markets are shut in what will be a light session for global markets: most are closed, some will have a half-day. Some exchanges, especially in Europe, will also be closed on Monday. For the same reason there won't be any major economic or corporate event this Friday

Stay safe.

Chief Investment Office  
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