



## **CIO OFFICE MORNING MARKET WRAP – Tuesday 19th January 2021. ALSO AVAILABLE ON ALEXA.**

In the Asian morning session stocks are steady, with the Nikkei225 leading gains. US futures and European equities closed mixed to little changed yesterday on occasion of Martin Luther King day celebrated in the United States, where stock and bond markets were shut for holiday.

Treasury futures, the US dollar and gold clung to mild returns. More action was seen on some GCC exchanges, with the Abu Dhabi index recording its best session in 9 months, +4%, led higher by the main lender First Abu Dhabi Bank on the expectation of higher foreign inflows. The Abu Dhabi Department of finance announced a AED6bn supply chain financing initiative to support local sectors with focus on SMEs.

The DFMGI closed more than 1% higher and Emaar Properties was the best performer. The Dubai government rolled out one of the fastest vaccination programs in the world, trusting that it will help achieve its goal of holding the Expo 2020 starting from October this year, following the pandemic-forced delay.

The UAE has administered almost 1.8 million vaccine doses, leading the way also on testing per capita. China remains a bright spot in the global economy, as growth rates were back to pre-pandemic levels in the fourth quarter of 2020; being the only major country to have achieved a positive expansion rate last year, its share of global GDP grew at the fastest pace on record, according to World Bank estimates.

Growth in 2021 in the United States is expected to accelerate at a faster than expected pace, with investment houses again reviewing figures to the upside and in particular Goldman Sachs now forecasting a full-year GDP of 6.6% and an unemployment rate of 4.5% at year-end. Janet Yellen, the next Treasury Secretary, will testify to the Senate Finance Committee today, most likely reaffirming her stance favoring a market-driven dollar value, basically code language for endorsing longer-term dollar weakness.

Investor attention will be undoubtedly captured by Joe Biden's inauguration day on Wednesday. The president-elect agenda will aim to address the pandemic and the ensuing economic crisis, racial inequality and climate change. The reporting season for Q4 will enter its second week and US earnings, having fallen for the past three quarters year-over-year, are expected to break with this negative streak. Highlights for the week are Goldman Sachs, Bank of America and Netflix on Tuesday, Procter & Gamble and Morgan Stanley on Wednesday, IBM on Thursday and Schlumberger Friday

Stay safe.

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