



CIO OFFICE MORNING MARKET WRAP – 28th April, 2022.

Volatility remains extreme on global markets with constant changes of directions. Wednesday, global stocks added +0.5% on average but US indices closed on a modest +0.1% gain. Interest rates rose again, with both the 5 and 10-year Treasury yield closing at 2.83%, up +10 basis points. Energy prices were quite stable with the Brent at \$105, and the dollar continued its bull run, adding another +0.5% on a trade-weighted basis.

News from Eastern Europe are not good and point to a much longer conflict than initially expected, with a heightened risk of escalation both economically and militarily. Russia has halted energy deliveries to Poland and Bulgaria and warned the West against any interference in Ukraine, which could lead to radical response. Meanwhile the West is actually stepping up its action, especially through military aid: the US will send to congress today a proposal for a broad 5-month plan, through September, and Germany has dramatically increased their involvement by sending 50 anti-aircraft tanks to Ukraine. The war, and the sharp rise in energy prices, have taken a toll on consumer sentiment in Europe: April indices for the UK and Germany released yesterday are at levels usually only seen during recessions. Despite an incomparably better situation in terms of employment and activity, they are below the levels seen in the early waves of the pandemic in May 2020. This is in full contrast with the resilience in the US and Asia. Finally but importantly, the earnings season continues and it remains overall very good so far. The star of the day is Facebook parent Meta Platforms: their Q1 revealed a stronger than expected growth in users, just shy of 2 billion for Facebook itself, and a robust set of numbers. The stock jumped +18% in post-market extended trading.

As we write this morning, the mood is positive in Asia. Stocks are up everywhere from +0.5% in Korea and Chinese domestic markets to +1% in Japan and Hong-Kong. While Europe is all about the situation in Ukraine, Asia is currently driven by China's policy action, to suppress Covid on one hand and to support the economy on the other. Treasuries are little changed with the US 10-year yield marginally lower at 2.82%, and oil prices are -1.5% weaker at \$103.5 for the Brent. Future contracts on Western stock markets are also well oriented.

Today will provide some inflation numbers in Europe, but the focus will remain on corporate earnings. It will be a rich day with Apple and Amazon in particular, as well as Merck, Barclays, Total or Nokia among others. Please note that due to the upcoming Eid break, there will be no daily notes next week.

Stay safe.

Chief Investment Office
Wealth Management,
Emirates NBD.

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