



CIO OFFICE MORNING MARKET WRAP – 28th September, 2021. ALSO AVAILABLE ON ALEXA.

Global equities fairly uneventful yesterday with small gains in emerging markets offsetting a small fall in developed markets. After a very negative week for China/ Hong Kong markets with real estate/ Evergrande worries dominating, the Hang Seng Index is up 1.6% this morning. The week before had the first outflow for global equities in 2021 (\$24 billion): from the US, Europe and technology sector, but still a record \$750 bn of inflows year to date, just lower than the \$ 800 bn over the last 20 years. In Asia, Indian markets yesterday were flat after last week's strong gains and UAE markets lost close to half a percent. Traffic and activity in Dubai on the rise as the city sees an influx of visitors as the opening of the Expo2020 draws closer. UAE and KSA markets should retain gains and move higher supported by higher oil and a resurgence in economic activity. Oil (Brent) is trading above \$79 after hitting \$80 yesterday, on a demand supply gap and natural gas is at a seven year high on concerns of tight winter supplies. Gold at \$1750 falling in line with rising yields and a stronger Dollar.

We remain constructive on markets into the year end on receding China fears, better management of the virus, without leading to fresh restrictions, fiscal support, from the US infrastructure rollout and the EU recovery fund and peaking inflation should stabilize consumer purchasing power, with labour markets very strong.

US ten-year yields rose to 1.5% as Fed officials reiterated tapering and the cutting back of asset purchases though said interest rate hikes are still some time away. Technology was lower as were

broader US markets, the latter on debt ceiling worries. The fed Chair said inflation is elevated and will likely remain so in the coming months before moderating. He appears before the Senate today as does Janet Yellen. Senate Republicans blocked a bill to suspend the debt ceiling and keep the government open beyond Sept 30th. Financials gained along with the rising yields. Europe finished mostly higher amid gains for the value/cyclical sectors, while markets in Asia also diverged as China's real estate debt concerns remain in focus. German parties to start talks to decide who they want to join in government after the Social Democrats' narrow election win over Angela Merkel's ruling conservatives.

On company news: The new Apple iPhone 13 is now available and Facebook suspends plans for a version of its Instagram app tailored to children, on objections about the photo-sharing platform's effects on young people's mental health. Google in an appeal to overturn a \$5 billion antitrust fine imposed by the European Union, contending that its Android operating system for mobile devices has boosted competition rather than excluding it.

A heavy economic week for the U.S. kicked off with durable goods orders rising for a sixth-straight month, though Dallas manufacturing growth slowed more than expected. Today, we get data from the U.S. Consumer Confidence report, with economists projecting a reading of 115 for September following August's 113.8, as well as preliminary wholesale inventories, expected to have increased 0.8% m/m. The S&P CoreLogic Case-Shiller Home Price Index will be released, with the 20-city composite forecast to show a 20% year-over-year rise in home prices. China Caixin manufacturing PMI, non-manufacturing PMI, Thursday.

Stay safe.

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