



## **CIO OFFICE MORNING MARKET WRAP – 29th August, 2021. ALSO AVAILABLE ON ALEXA.**

The most important event of last week was expected to be Mr Powell's speech at the Jackson Hole annual symposium gathering global central bankers. It turned out to be closer to a non-event. Most importantly, the Fed Chair didn't provide market participants with a clear indication on the timing of the reduction of asset purchases, the so-called "tapering". He simply commented on the July meeting's minutes, reiterating that the tapering could start later this year instead of 2022. The rest of the speech was also not particularly ground breaking: Mr Powell listed the numerous reasons for which the Fed believes that the current inflation pressures are temporary, and why it would be a mistake to respond to it prematurely. Overall it was reasonably dovish, and concluded on full employment as a target and on the fact that inflation should be measured over a long period of time.

Markets were not surprised, and they loved it. Friday session was unambiguously "risk-on": global stocks added 0.6% on average, with the US gaining more than 1%. Interest rates went lower, with the 10-year Treasury yield losing 4 basis points to 1.31%. The price of Brent crude oil gained a significant 2.2% to close just below \$73. This good session concluded a positive week, rewarding dip buyers after the sell-off

of the previous one. Emerging Market stocks led the weekly returns with a sharp 4% appreciation, followed by gold, adding 2%, and developed markets equity indices up 1.8%. There was no negative weekly return last week among major asset classes.

Our positioning remains reasonably pro cyclical, , with an overweight in stocks and an underweight in bonds. Our tactical positioning is so far outperforming our strategic profiles. However, as the latter embed an objective of capital preservation and as they include a large weighting to emerging market stocks, our YTD returns are lagging the competition – after having materially outperformed last year. We remain confident that our positioning is right for the long run.

Stay safe.

**MAURICE GRAVIER**  
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