



CIO OFFICE MORNING MARKET WRAP – 30th June, 2021. ALSO AVAILABLE ON ALEXA.

A flat day for global equities yesterday, though Asian markets were down a percent from mainland China, Hong Kong to Singapore and Japan.. US equities made new highs, though the movement was tiny. European markets traded better at 0.3% gains. UAE indices saw moves of less than half a percent with the Dubai Index slightly down, while the Abu Dhabi Index gained. This morning, Asia markets have opened flat to slightly positive, in line with movements in the US and Europe yesterday. US Treasuries are largely unchanged with the 10-year yield at 1.48%. Gold's downtrend continues, spot now at \$1762. Brent oil futures trading slightly up at \$75.07, as US inventories show declines and ahead of the OPEC+ meeting, preliminary talks continuing for another day. Notable are global house price increases from Dubai to New York.

While a lot of the positive news is priced into markets, and we will see bouts of volatility ahead, we remain constructive on further gains though not at the scale of H1, which could possibly be the best first half for global markets (+12.8% YTD) in the last 10 years. The Vix is at 16 reflecting the current calmness of the markets, which now seem to be taking the virus resurgence in their stride as the global vaccination programme continues to make huge progress. Moderna stated that its vaccine is effective against the Delta variant joining

AstraZeneca and Pfizer vaccines in having efficacy. Japan is considering holding the Olympics without spectators.

US markets may find little direction ahead of Friday's jobs report and hopes are that a potentially strong jobs report won't indicate high enough inflation to make the Fed consider raising rates any sooner than the 2 hikes pencilled in for 2023. The Case-Shiller U.S. home-price index for April rose 14.6% year over year, the fastest annual rate in more than 30 years. The index is a key point of interest as investors look for clues about what might prompt the Fed to potentially raise interest rates as it is already in discussion to reduce the size of the mortgage bond buying program currently at \$40 billion a month. Those purchases keep mortgage bond prices high and their yields low, stimulating housing demand. The consumer confidence index rose to 127.3 for June, higher than the anticipated 118.7 and last month's 120.

In Europe, the reflation trade was back, with shares in mining, industrial, and financial companies outperforming. The European Commission's economic sentiment indicator reflected a notable acceleration in economic activity at the end of the second quarter of 2021, rising in June to the highest level in 21 years. In the U.K. Nationwide said that British house prices rose 13.4% in June compared with the same period last year—the largest annual rise since 2004.

Chinese ride hailing company Didi Global raised \$4.4 billion in its New York IPO at the top end of its range, giving the company a market value of \$ 67 billion. At one time it was seeing a valuation of \$100 billion but is one of the 34 tech companies under scrutiny by China regulators as per Bloomberg. UAE bourses are seeing a flurry of IPO's, the latest being Yahsat, a satellite company and a Mubadala subsidiary following Alpha Dhabi's successful listing.

Stay safe.

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