



## **CIO OFFICE MORNING MARKET WRAP – 30th August, 2021. ALSO AVAILABLE ON ALEXA.**

Last week was positive on global financial markets, helped by the full approval of the Pfizer/BioNTech vaccine by the FDA first, and then by an overall reasonably dovish tone from the Fed's chairman at his address on the Jackson Hole symposium on Friday. He basically confirmed that the Fed could slow its asset purchases in 2021, a possibility that was still present in the July FOMC minutes. Having said that, he spent most of his speech reiterating that inflation is transitory, that the Fed will look at it on an average basis, that full employment remains the key target and that its policy will adapt to the situation and be gradual. This was music for market participants' ears, who hate uncertainty more than anything else.

As we write, markets in Asia are relatively well oriented, in sympathy with their Western peers on Friday. Stocks are moderately up in Japan, Korea, India and Australia. They are slightly in the red, around -0.2%, in both China domestic markets and Hong-Kong. The troubled asset manager Huarong released its long overdue annual report, and losses are massive, especially compared to equity position – which is the reason why the Chinese government came to help. Beijing's regulatory pressure also remains a concern, with the latest developments including pressure on online platforms and

social media users involved in financial information, especially when based on foreign sources. Staying in China, the country rejected a US report which criticizes Beijing's cooperation in the investigation into the origins of the coronavirus. The situation on the virus front remains uncertain globally with record number of daily infections still being printed in some Western areas such as Scotland or some US states. Booster doses seem to be the privileged tool to fight, from the US to the UAE and Israel. Data now clearly indicates that the vaccines are effective in limiting the risk of severe cases, but not that much in terms of transmission when it comes to the delta variant, especially 6 months after the jabs.

Back to Asian markets this morning: interest rates are stable, with the US 10-year Treasury yield at 1.3%, and the price of Brent crude oil is slightly up, at \$72.8 for the current future contract. Oil prices in the US have seen their best week of the year last week, in anticipation of hurricane Ida which has just hit the shores of Louisiana last night. Damages are significant, and hundreds of thousands of homes and businesses have lost power. Around 90% of oil output in the Gulf of Mexico has been shut, as well as a significant part of the refinery capacity on the path of Ida.

Importantly, the OPEC+ should meet this Wednesday in Vienna. The week will also provide us with the highly scrutinized monthly macro data for August, including the US job report on Friday.

Stay safe.

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