



COVID PANDEMIC, WHAT'S NEXT?

Vaccines, new variants, Covid certificates

July has arrived with the summer heat and the holidays.

Vaccination campaigns are progressing across much of the world.

We are now worried about the Delta variant of Coronavirus and health professionals are discussing the coverage's degree of the different vaccines and every daily life aspect related to this.

Some countries, where local pandemic outbreaks newly showed up or where cases of contagion are increasing, such as Spain, Malta, Greece but also Australia, are reactivating protection measures: closures, lockdowns, sweep tests, quarantines.

People are visibly tired of almost two years of pandemic as they want to move, to go back to travel, to go back to spending for their entertainment.

Summer temperatures and the increase in the vaccine administration should keep the new variants at bay at least until fall. Experts are more cautious about the prospects for the next winter, but they guarantee a complete exit from the pandemic by spring 2022.

How are the markets doing?

The signs continue to be good.

On the one hand, some specialists say even too good, on the other hand, other market analysts have reason to smile, thinking that results will become more and more encouraging so as the months go by.

Through the first six months of the year, the Dow Jones index was up 12.7%, the Nasdaq up 12.5% and the S&P 500 up 14.4%.

For the latter, it was the second-best performance for the first half of a year since 1998.

Analysts seem to agree that the trend is even more favourable for the months to come.

Despite the volatility that has characterized the markets since March and the constant threat of an increase in inflation, with data in hand today it is possible to say that expectations have finally caught up with reality and that the outlook is optimistic.

Back to the old economy, return to cyclical equities preferences

Investors' preferences change, as do the times and the evolution of the pandemic.

The tech companies, which have been at the centre of attention during the hardest period of the pandemic wave and that have earned the most from it, are now much less popular.

The money instead flows towards the old economy, namely sectors which have been considered to be sleepy during the lockdowns, that now, thanks to the recovery, are flourishing again.

Between them, those are standing out: oil, metal, and mining companies, without forgetting financial and tourism industry.

It is therefore a profound change of direction for Wall Street and a return to cyclical equities preferences.



The unanimous advice is to be very selective when it comes to stocks and to focus primarily on high-quality companies that have a competitive advantage and durable business models.

In fact, the current moment is certainly favourable, but remains uncertain due to the unpredictability of COVID, the possible increase in corporate and capital gains tax, considered by the Biden administration and the inflation fear.

In the second half of the year the market will be therefore characterized by stock picking.

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