



OCTOBER HAS ARRIVED, AMID THE DELTA VARIANT'S ANXIETY AND THE CHINESE REAL ESTATE CRISIS

How are we feeling walking into autumn?

Days are getting shorter, temperatures lower, holidays and summer are a vague memory, and the threat of a pandemic resurgence continues to hover in the air.

It is true that the beginning of schools and the return of students to classrooms, as well as the return to offices, do not seem to have created dangerous and widespread outbreaks to date.

Yes, people still get sick from Covid, even among the vaccinated, but hospitals, in large parts of the world, are not overwhelmed by the emergency.

After a year and a half of pandemic, this is an encouraging sign.

However, the economy does not only observe the numbers of the Delta variant. The gaze is turned to China, but for different reasons.

The crisis of the real estate giant Evergrande has caused some turmoil in the markets in the recent weeks.

Some analysts have compared it to the failure of Lehman Brothers, but Evergrande's connection to financial markets is less tight than that of the defunct American company and China is not the United States.

However, especially after pandemic, we have understood that the events relating to the People's Republic, of whatever background, health, economic or political, should never be underestimated.

What can be expected from the financial market?

October, like September, has never been exceptional for the markets, quite the contrary.

History confirms this trend with the crashes of 1929, then 1987 and finally with the memorable 2008, all of which occurred during this month.

This year, in September, after seven months of growth, Wall Street suffered some setbacks.

The S&P index lost 4.8%, defining the ninth as the worst of the months after March 2020, and it satisfied the skeptics who could not justify the too good trend of recent times.

This stop occurred as a result of several factors: the intermittent hiccup of the Delta variant infections, the Evergrande crisis, higher inflation and the concerns related to supply chains.

For this month it will therefore be important to look at: the American companies earnings reports expected for mid-October, the pandemic evolution, and its impact on consumption and at the geopolitical developments, especially relating to China. The latter could have a dominant effect on volatility.



Analysts are still optimistic, as interest rates remain relatively low and inflation, despite a slight increase, moderate.

The stock market remains attractive. The main attention should be given to a diversified portfolio. European stocks tend to be preferred. Indeed, the economic momentum in the euro zone is more resilient than in other markets.

On the other hand, if you want to focus on American equities, it is better to have securities linked to the infrastructural plans under discussion in Congress.

It is also advisable to invest in structured products with low risk.

Quant & Partners Ltd

The View, Harbour Reach, La Rue de Carteret, Jersey JE2 4HR, +44 1534 734503
1 Knightsbridge Green, London SW1X 7NE, +44 20 3097 0280

info@quantandpartners.com
www.quantandpartners.com