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Opinion **The Long View**


## Investors look past the storming of US Capitol

Cold-blooded markets focus more on a shift in the Senate following Georgia elections

MICHAEL MACKENZIE [+ Add to myFT](#)



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Individual investors were shocked and repulsed by the events in Washington spurred by the rages of Donald Trump in the final days of his tumultuous presidency. But after a brief wobble on Wednesday, US and global equities resumed their recent trend of setting all-time highs.

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This will give the Democratic party more leeway to push through a spending boost to support the economy while the rolling out of vaccines gathers pace in the coming months. Disappointing [US jobs data](#) for December probably reinforces the push for more fiscal support. In turn, this renews the momentum behind trends within equity and bond markets that have been unfolding in recent months.

These include rising long-term interest rates and inflation expectations that reflect hopes of an accelerating economy later this year. Both US 10-year interest rates and inflation expectations increased sharply this week and are driving a repositioning in equity markets. The benchmark 10-year Treasury yield crossed 1 per cent for the first time since March last year.