

# Weekly Investment Update

26<sup>h</sup> March 2021



## News Headlines

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**Suez Canal** – A container ship the size of the Eiffel tower managed to lodge itself sideways on the banks of the Suez Canal in Egypt this week, blocking one of the most crucial global shipping lanes for the past three days. The blockage caused by the Japanese-owned Ever Given cargo ship is estimated to be holding up more than \$9.6 billion worth of goods each day, causing a huge headache for global supply chains. Efforts are ongoing to dislodge the ship, however it is looking increasingly likely that the operation could take weeks to complete. The only option currently for cargo ships is to sail around Africa, which adds to the delivery time and cost of their journeys.

**Covid-19** – The UK and the EU have attempted to ease the tensions emanating from vaccine nationalism concerns by pledging in a joint statement to find a “win-win” situation on the supply of the AstraZeneca vaccine. This comes as the World Health Organization has warned of “truly worrying trends” in infections as societies are opened up without vaccines being rolled out evenly. On a positive note, the drug maker Pfizer has begun trials on humans a new pill to treat the coronavirus that could be used at the first sign of illness.

**Turkish central bank** – Turkey’s shares, bonds and currency tumbled, following President Erdogan’s removal of the central bank’s governor, Naci Agbal, after just four months in the position. The removal came after Agbal implemented a bigger than expected interest rate increase. President Erdogan is of the belief that higher interest rates cause inflation, rather than prevent it, and the replacement governor, Sahap Kavcioglu, is a banking professor who has expressed support for the idea that high interest rates cause inflation.

## Market Summary

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**Global Equities** – Major global equity indices finished negative over the week as at Thursday’s close, with Asian indices in particular suffering heavy losses. A third wave of Covid-19 sweeping across Europe leading to fresh lockdown measures, extended travel bans, vaccine export spats and comments from the Federal Reserve Chair, Jerome Powell, all weighed on investor sentiment. In Asia, a sell-off in technology shares led the declines, while the Hong Kong Hang Seng index entered correction territory amid fresh concerns around the pandemic.

**Commodities** – Gold prices were on track to record their first weekly decline in three weeks on Friday against the US dollar. Lower US Treasury yields, as well as rising concerns about the global economic recovery stalling following a surge in Covid-19 cases across Europe countered a strengthening US dollar, but not enough to push prices above last week’s highs.

Oil prices (Brent Crude & WTI) were flat for the week versus the US dollar at Friday’s open, after a turbulent week. Prices jumped due to the blockage of the Suez Canal leading to supply worries, but those gains were offset by potential fresh lockdowns undermining hopes for quick economic recovery.

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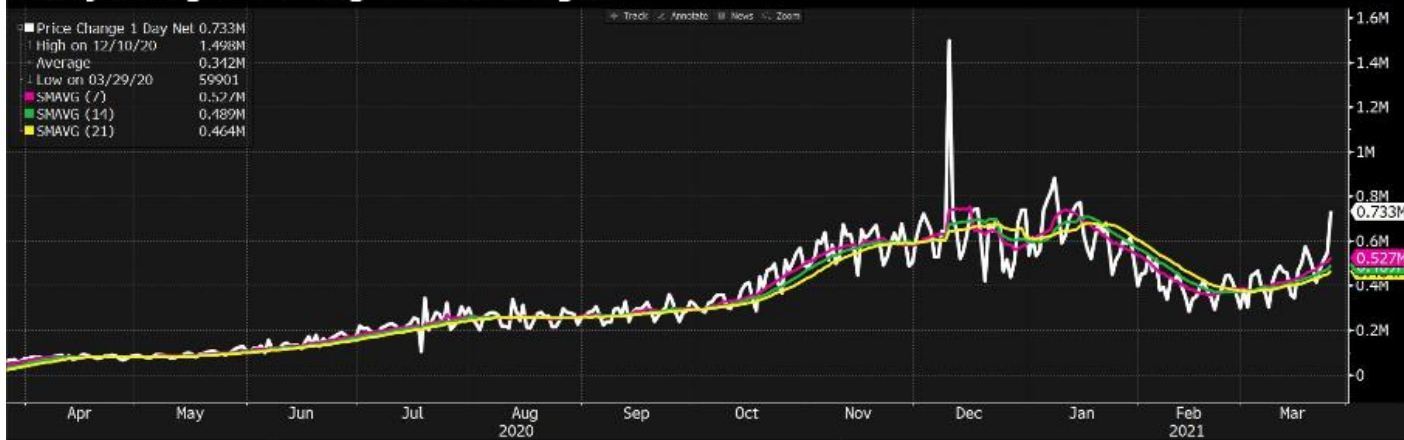
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## Chart of the Week

### Globally Confirmed Covid Cases

Weekly averages have begun to trend higher



Source: Bloomberg – Global Covid-19 cases are on the rise, as the World Health Organization warns of “worrying trends”

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Japan unemployment rate	- US consumer confidence	- China manufacturing PMI - Germany unemployment rate	- US manufacturing PMI	- US unemployment rate

## Market Performance – 25/03/2021

Global Market Indices	2021 YTD %*
FTSE 100	2.60%
S&P 500	6.01%
DAX	6.52%
Nikkei 225	5.45%
Hang Seng	1.88%
Fixed Income	Yield %
UK 10 Yr Gilt	0.73%
US 10 Yr Treasury	1.61%
Commodities	2021 YTD %
Gold	-8.92%
Currency	
GBP/USD	1.38 (26/03/2021)
GBP/EUR	1.17 (26/03/2021)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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