

Weekly Investment Update

9th April 2021



News Headlines

Biden's spending plan – US President, Joe Biden, held a second round of talks with Republicans this week regarding his huge infrastructure spending plan equating to US\$2.25 trillion, which he has stated is a “once in a generation investment”. Biden’s administration are pushing to introduce the spending as a means to keep the US competitive against China, as the Commerce Secretary, Gina Raimondo, admitted that the US has “neglected for too long important investments in our infrastructure”, while the pandemic has highlighted economic inequalities that left millions struggling. Republicans are sceptical of the plan and are currently arguing against it being pushed through as they believe that the proposed spending amount needs to be trimmed to stop future tax hikes.

AstraZeneca vaccine – The Oxford-AstraZeneca vaccine took criticism again this week, as many countries around the world halted its rollout due to further evidence of rare blood clots in the younger population after receiving the first dose. Europe is split over the continued use of the vaccine, instead opting for the alternatives for the population under the age of 60, whereas the UK have decided that the population above the age of 30 should still receive it, opting for the Pfizer/Moderna jabs for under 30s. In the UK, Covid-19 cases dropped by 60% in March, showing that the successful vaccination programme is beginning to break the link between infection and serious illness or death.

IMF growth forecast – The International Monetary Fund has raised its forecast for 2021 global growth to a record 6%, up from the 5.5% it had forecast in January. The upgrade comes as successful vaccine rollouts and sustained vast sums of government aid are predicted to push global economic growth to a record this year.

Market Summary

Global Equities – Major global equity indices finished positive for the week as at Thursday's close. Positive manufacturing survey data, a global growth forecast upgrade from the IMF and a dovish stance on inflation expectations from the Federal Reserve all helped push equities higher and lowered market volatility. The US S&P 500 managed to break through 4,000 points for the first time ever, while the VIX index, a measure of the expected volatility of the S&P 500, fell to 17, its lowest level since the start of the Covid-19 pandemic.

Commodities – Gold prices hit a three week high this week versus the US dollar, as gold markets powered higher after Federal Reserve Chairman, Jerome Powell, made dovish comments surrounding inflation and poor US jobless claims sent both Treasury yields and the US dollar lower.

Oil prices (Brent Crude & WTI) dropped 2-3% this week versus the US dollar, after the Organization of the Petroleum Exporting Countries and its allies agreed to gradually increase supplies by 2 million barrels per day between May and July.

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Chart of the Week

IMF Global Growth Forecast



Source: Bloomberg – The International Monetary Fund upgraded their outlook for global growth for 2021

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- EU retail sales	- US CPI		- Germany CPI	- China GDP - EU inflation - Japan CPI

Market Performance – 08/04/2021

Global Market Indices	2021 YTD %*
FTSE 100	6.80%
S&P 500	11.17%
DAX	10.75%
Nikkei 225	9.62%
Hang Seng	5.93%
Fixed Income	Yield %
UK 10 Yr Gilt	0.75%
US 10 Yr Treasury	1.63%
Commodities	2021 YTD %
Gold	-7.71%
Currency	
GBP/USD	1.37 (09/04/2021)
GBP/EUR	1.15 (09/04/2021)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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