

Weekly Investment Update

23rd April 2021



News Headlines

European Central Bank – In the latest address, the European Central Bank (ECB) announced that it would leave interest rates unchanged. It left the margin lending facility rate at 0.25% and the deposit facility rate at -0.50%. The bank also decided to continue its asset purchase programme as it tries to steer the European economy through the worst crisis in modern history, while also pledging to continue its support until the inflation rate rises and the unemployment rate falls.

Biden's tax plan – US President, Joe Biden, is set to propose tax hikes on the wealthiest Americans, almost doubling wealthy individual's capital gains tax rate from 20% to 39.6%, as well as increasing the top marginal income tax rate to 39.6% from 37%. President Biden is due to release the proposal next week as part of tax increases laid out to fund social spending in the "American Families Plan", which would go towards funding childcare and education. The President confirmed that the tax increases would not affect any families earning less than \$400,000 a year.

UK Debt – The Office for National Statistics published data which showed that the coronavirus pandemic has forced Britain's government to borrow more than at any time since the second world war. The UK has borrowed a total of £303.1 billion in the year ending in March, an increase of £246.1 billion on the previous year. Although large, the level of borrowing actually came in less than previously expected, which prompted the Treasury to tell financial markets that it was to issue £43.3 billion less debt in 2021-2022 than it had recently planned in the March 3rd budget.

Market Summary

Global Equities – Major global stock markets slipped from last week's record highs. Markets shrugged off positive economic data out of Europe, the US and the UK, and instead sentiment was negatively affected by rapidly rising daily covid-19 cases in some parts of the world, most notably in Japan and India, and reports of US tax hike plans.

Commodities – Gold prices eased from two-month highs this week, still hovering just below US\$1,800 per ounce. Palladium prices surged to record levels against the US dollar as automakers ramp up purchases of the metal used to neutralise harmful exhaust fumes, worsening the current supply shortage.

Oil prices (Brent Crude & WTI) made losses throughout the week versus the US dollar. A surprise build up in US crude inventories and a resurgence of covid-19 cases in India and Japan fuelled fears that the global economic recovery could slow and dampen fuel demand.

US lumber prices soared to record highs, as demand for wood skyrocketed triggered by the coronavirus demand. After being hit hard initially by the pandemic, demand for the wood soon rose as individuals sought to improve their houses.

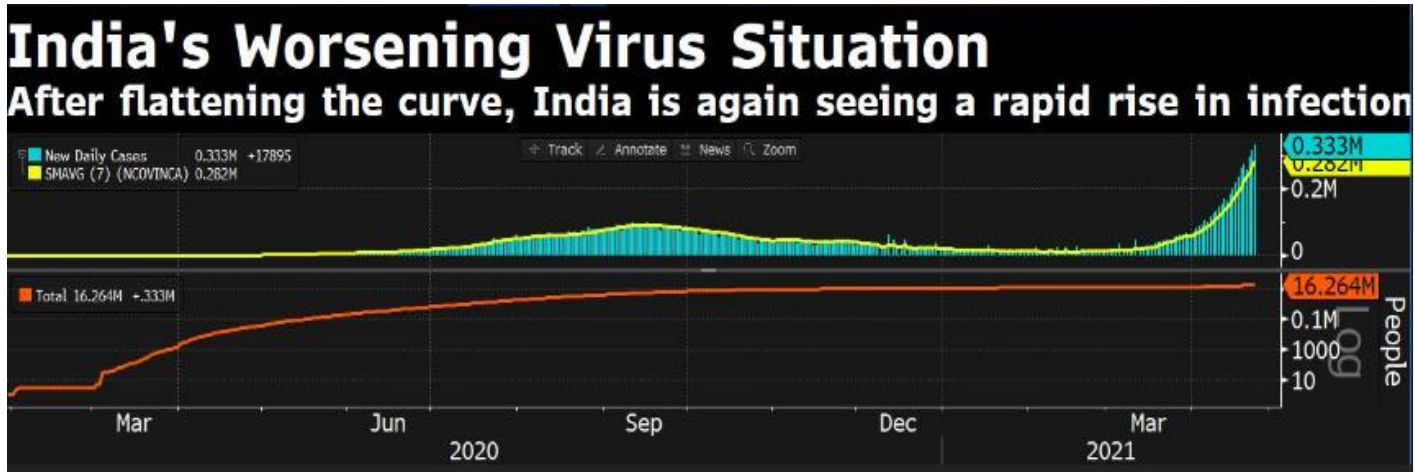
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Chart of the Week



Source: Bloomberg – India records a new global record for the number of positive covid-19 cases in a single day

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- US durable goods	- US consumer confidence	- US FOMC rate	- Germany unemployment rate - Germany CPI	- Japan unemployment rate - EU inflation

Market Performance – 22/04/2021

Global Market Indices	2021 YTD %*
FTSE 100	6.87%
S&P 500	12.23%
DAX	11.61%
Nikkei 225	7.70%
Hang Seng	5.09%
Fixed Income	Yield %
UK 10 Yr Gilt	0.74%
US 10 Yr Treasury	1.55%
Commodities	2021 YTD %
Gold	-5.71%
Currency	
GBP/USD	1.39 (23/04/2021)
GBP/EUR	1.15 (23/04/2021)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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