

# Weekly Investment Update

30<sup>th</sup> April 2021



## News Headlines

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**Federal Reserve** – The Federal Reserve (Fed) held its April meeting, where expectations were low for there being much new information. The Federal Open Market Committee (FOMC) announced it had upgraded US economic growth and kept both the pace of asset purchases and its key interest rate unchanged. Fed Chair, Jerome Powell, also acknowledged that the economic recovery has been faster than previously expected, but that it “remains uneven and far from complete”. Powell also noted that the inflation metrics would be higher in the months ahead, as expected, but it remains a transitory phenomenon.

**Brexit** – On Wednesday morning, European MEPs finally ratified the Brexit trade agreement between the UK and the European Union, eliminating the potential for a “no deal” outcome. The European Parliament voted in favour of the trade deal 660 to 5, with 32 abstentions. UK prime Minister, Boris Johnson, stated that this was the “final step in a long journey” and that the deal provides “stability to our new relationship with the EU as vital trading partners, close allies and sovereign equals”.

**India** – India is in the midst of a new wave of covid-19, as the country continues to record new daily records of positive cases and deaths. The new wave comes after various political and religious events culminated in large mass gatherings which helped the virus spread. So far, official figures report that there have been 208,330 deaths, and positive cases stand at 18.7 million since the pandemic began, however, experts believe that both figures have been underestimated, but it is unclear by how much. The situation has worsened throughout the week, with healthcare systems collapsing across the country. India has had major issues with oxygen supplies used to treat the sick, so much so that oxygen tanks are now being sold to the highest bidder on the black market.

## Market Summary

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**Global Equities** – Global stock markets finished mostly higher as at Thursday’s close. Equity markets were helped by a raft of better than expected corporate earnings and the unchanged monetary policy stance from the Federal Reserve. US and European indices hit record highs midweek and the UK FTSE 100 crept back above 7,000 points temporarily as travel stocks pushed higher, however, Asian markets fell slightly after disappointing manufacturing data out of China.

**Commodities** – Gold prices managed to hold on to recent gains amid a subdued US dollar and higher US Treasury yields. Yields on the US debt climbed higher after the country’s annualised GDP figure beat estimates in Q1, while weekly jobless claims hit a pandemic low. Higher Treasury yields dull the attractiveness of holding gold as a non-yielding investment asset.

Oil prices (Brent Crude & WTI) hit six-week highs as the economic recovery and a bullish fuel demand outlook outweighed concerns that rapidly rising covid-19 cases in India and Brazil may lead to a stall in the global economic recovery.

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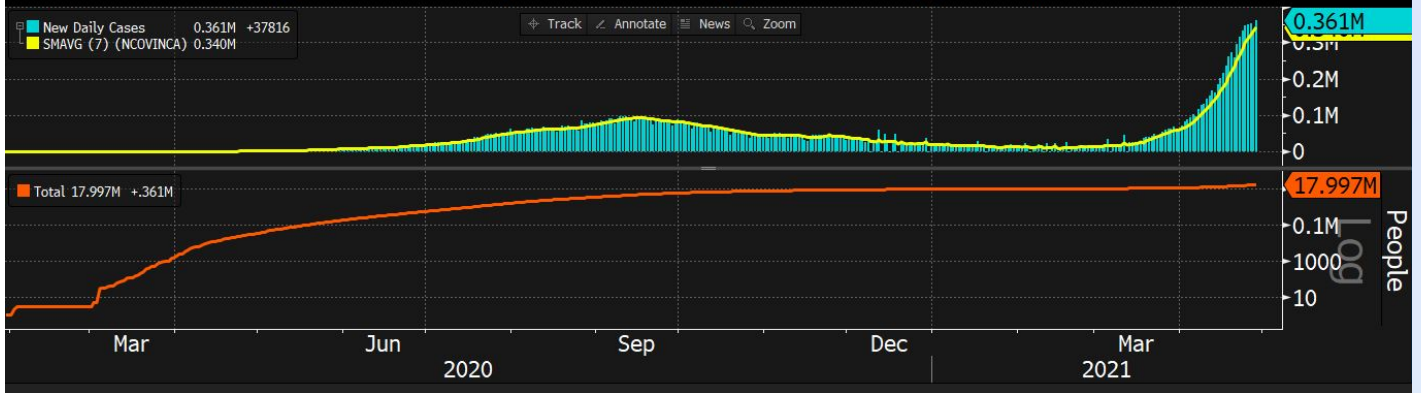
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## Chart of the Week

# India's Worsening Virus Situation

## After flattening the curve, India is again seeing a rapid rise in infection



Source: Bloomberg – India covid-19 cases surge, prompting fresh concerns that the virus spread could impact global economic growth

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- US manufacturing PMI	- Australia trade balance		- UK BoE rate decision	- US employment rate

## Market Performance – 29/04/2021

Global Market Indices	2021 YTD %*
FTSE 100	7.26%
S&P 500	13.54%
DAX	11.40%
Nikkei 225	7.25%
Hang Seng	6.25%
Fixed Income	Yield %
UK 10 Yr Gilt	0.84%
US 10 Yr Treasury	1.64%
Commodities	2021 YTD %
Gold	-6.47%
Currency	
GBP/USD	1.39 (30/04/2021)
GBP/EUR	1.15 (30/04/2021)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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