

## Weekly Bulletin: Economic data is still offering welcome surprises

### Key takeaways

In a more muted week for global stock markets, economic data continued to provide investors with upbeat surprises. Meanwhile, with some notable exceptions, herd immunity levels appear to be heading in the right direction.

- The latest figures suggest that in the UK and US – where vaccination programmes continue apace – around 60% of the population now has some immunity to the COVID-19 virus. With the exception of the recent desperate developments in India, most large economies are on their way towards vaccinating and ultimately containing the spread of the COVID-19 pandemic. Among large developed economies, the UK and US are leading the pack, while Japan is lagging.
- Gaining herd immunity is critical not only to the health of human populations, but also to the health of economies. In turn, it should lead to more consumer confidence and more population mobility – good news for economic activity. Indeed, global data trackers already suggest a rising tide, with economic activity figures proving better than most analysts had expected in both developed and emerging economies.
- Positive recent economic data has included UK retail sales, which bounced back quite strongly in March, demonstrating improvement even before April's wider retail reopening. Survey data (Purchasing Managers Index) covering the manufacturing and service sectors in various different countries was broadly strong too, while the number of new US jobless claimants fell further.
- In the US, the Biden administration has announced plans to equalise income and capital gains tax (CGT) rates for very high earners (over \$1 million per year) – this means doubling CGT for these individuals, and taking marginal income tax from 37% to 39.6%. In turn, this would finance other government spending plans. The US is also set to go greener with carbon emission targets. All of these plans are in line with Biden's election manifesto.
- Meanwhile, the world's leading central banks continue to keep liquidity flowing into the financial system, expanding their own balance sheets in the process. Interest rates are very low, and financial markets expect this to continue. Naturally, economic growth expectations will peak at some point, and policymakers will one day reduce their support (though not, we believe, any day soon). We are alive to these issues, but for now, higher risk assets like shares are being well supported by an optimistic economic and market environment.

### Weekly market moves

In a slightly softer week for global stock markets, smaller US companies were the standout performers. Japan was the weakest major market in sterling terms.

Government bond markets were relatively quiet, as was gold – a traditional 'safe haven' asset type.

### What to look out for this week

Central banks in the US and Japan will announce the conclusions of their latest policymaker meetings.

Corporate earnings season continues, with large publically-listed businesses reporting their recent financial results and offering their predictions for the months ahead. Tesla is due to report this week, alongside an array of technology giants (Apple, Facebook, Microsoft, and Alphabet – Google's holding company).

Economic growth data covering the first quarter of 2021 will be released for some sizeable countries, including the US.

## Market moves (as at 23 April 2021)

	Index Levels	Last Week	Month to Date	Year to Date
<b>Equity</b>				
MSCI United Kingdom	1,943.3	-1.1%	3.4%	8.8%
MSCI United Kingdom Mid Cap	1,368.0	-0.4%	5.9%	10.4%
MSCI United Kingdom Small Cap	472.1	-0.2%	5.1%	11.4%
MSCI World (GBP)	2,213.2	-0.3%	4.6%	8.9%
S&P 500 (GBP)	4,180.2	-0.2%	5.0%	10.4%
MSCI Japan (GBP)	1,170.4	-1.7%	0.2%	0.9%
MSCI Europe ex-UK (GBP)	1,581.6	0.1%	5.1%	7.9%
MSCI Pacific ex-Japan (GBP)	1,744.4	0.1%	4.3%	8.1%
MSCI Emerging Markets (GBP)	75,897.8	0.2%	2.6%	4.0%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	1,336.3	0.3%	1.3%	-6.2%
BoA Merrill Lynch Index-Linked Gilts	598.1	0.3%	1.4%	-5.0%
BoA Merrill Lynch £ Corporate	466.7	0.2%	1.3%	-3.3%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$62.1	-1.8%	4.7%	26.9%
Gold (GBP)	\$1781.8	0.3%	5.0%	-6.8%
S&P / GSCI (GBP)	2,373.1	1.0%	5.4%	18.6%

Past performance is not a reliable indicator of future results. The value of investments may fall as well as rise. All performance returns are in GBP, while all index levels are in local currency.

## Important Information

Handelsbanken Asset Management is a trading name of Handelsbanken Wealth & Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (FCA) in the conduct of investment business and is a wholly-owned subsidiary of Handelsbanken plc.

This document has been prepared by Handelsbanken Asset Management for clients and/or potential clients who may have an interest in its services. Nothing in this communication constitutes advice to undertake a transaction and professional advice should be taken before investing. Any observations are Handelsbanken Asset Management's commentary on markets and its own investment strategy. This material is not investment research and the content should not be treated as an offer or invitation to buy or sell securities or otherwise trade in any of the investments mentioned.

Registered Head Office: No.1 Kingsway, London, WC2B 6AN. Registered in England No: 4132340. [www.wealthandasset.handelsbanken.co.uk](http://www.wealthandasset.handelsbanken.co.uk)  
Telephone: 020 7045 2600