

## Weekly Bulletin: Armchair traders take the stage

### Key takeaways

As media headlines fixated on the stock market drama surrounding a small US retailer, vaccine rollouts continued around the world, improving the outlook for global economic growth.

- Making headlines last week was news that shares in a minor US retail chain – GameStop – were being driven drastically higher by speculators, perhaps forcing some hedge funds caught up in the squeeze to reduce stock market investments. Users of the popular internet forum Reddit decided to counter bets made against the shares by a number of hedge funds, buying up the shares and leading to soaring prices (from around \$20 per share at the start of 2021, to a peak of around \$500).
- While some GameStop buyers will have profited, wild speculation rarely ends well for many, and the incident has raised complex questions about access to financial markets for amateur investors. The ‘Reddit army’ has now turned its attentions to commodity markets, particularly silver. However, we would note that despite the volatility caused by these incidents so far, high level market indices have shown limited signs of stress.
- Meanwhile, when it comes to vaccine distribution, the UK is currently the poster child for large economies. At the time of writing, the latest figures suggest that around 14% of the UK population has been vaccinated against the COVID-19 virus, with distribution efficiency helped by early orders of the vaccine and, of course, the structure of the UK’s National Health Service.
- Across the English Channel, mainland Europe has struggled to lift its vaccination programme off the ground, perhaps fanning the flames in the ‘hard border’ dispute which arose over the course of last week. Tensions built up over the delivery of vaccinations to the UK from EU production facilities via the Northern Irish border, though the EU now appears to have backtracked somewhat on the matter.
- The IMF (International Monetary Fund) has raised its forecasts for global growth in 2021, predicting a stronger worldwide recovery as vaccines roll out and economic activity picks up again. Government spending was also credited with offsetting some of the worst effects of the COVID-19 crisis. The IMF did, however, downgrade its forecasts for UK growth this year.

### Weekly market moves

Last week saw global stock markets land in negative territory across the board, perhaps due to giving back some ground following a strong 2020.

Silver saw big gains over the week as amateur traders pushed up prices.

Sterling rose against other major currencies, likely on the back of positive vaccination news.

### What to look out for this week

The latest corporate reporting season continues, with major businesses releasing their earnings results for the fourth quarter of 2020. This week sees Alphabet (Google’s holding company) and Amazon announce their figures.

January survey data covering manufacturing and services sectors around the world is due for release this week.

The Bank of England delivers its latest policy update on Thursday.

## Market moves (as at 29 January 2020)

	Index Levels	Last Week	Month to Date	Year to Date
<b>Equity</b>				
MSCI United Kingdom	1,796.8	-4.3%	-0.7%	-0.7%
MSCI United Kingdom Mid Cap	1,241.2	-3.6%	-0.6%	-0.6%
MSCI United Kingdom Small Cap	420.4	-2.0%	-1.2%	-1.2%
MSCI World (GBP)	1,993.2	-3.8%	-1.4%	-1.4%
S&P 500 (GBP)	3,714.2	-3.7%	-1.5%	-1.5%
MSCI Japan (GBP)	1,108.0	-4.0%	-1.5%	-1.5%
MSCI Europe ex-UK (GBP)	1,417.1	-3.7%	-2.2%	-2.2%
MSCI Pacific ex-Japan (GBP)	1,626.5	-3.9%	0.2%	0.2%
MSCI Emerging Markets (GBP)	74,349.2	-4.9%	2.6%	2.6%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	1,399.7	0.1%	-1.8%	-1.8%
BoA Merrill Lynch Index-Linked Gilts	610.4	1.2%	-3.1%	-3.1%
BoA Merrill Lynch £ Corporate	477.4	-0.3%	-1.0%	-1.0%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$52.1	-0.7%	7.3%	7.3%
Gold (GBP)	\$1863.8	0.2%	-1.7%	-1.7%
S&P / GSCI (GBP)	2,074.7	0.4%	4.5%	4.5%

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.

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