

Weekly Bulletin: Record highs in global stock markets

Key takeaways

Financial markets enjoyed a positive week, with optimism surrounding the ongoing economic recovery helping to push asset prices higher. The earliest releases in the latest 'earnings season' also reflected a buoyant mood, as large banks reported a strong start to the year.

- Beginning with virus news, concerns have continued to rise over side effects (namely blood clots) relating to some COVID-19 vaccines. This includes the Johnson & Johnson and AstraZeneca vaccines. As these worries gain traction in the public eye, there are knock-on concerns for public confidence in vaccine programmes.
- More positively, cases, hospitalisations and deaths as a result of the virus are now lower amongst those aged 80 years and over in both the UK and France. The rollout of vaccines remains essential to the pandemic recovery, and Pfizer is set to send an extra 50m doses to the EU in the next three months (originally intended for delivery towards the end of the year). The US, surpassed the 200m vaccination mark – an especially impressive achievement given that its programme initially started on the back foot.
- Corporate earnings season also began last week, with large publically-listed businesses reporting their recent financial results and offering their predictions for the months ahead. The big banks led the way, with the likes of Goldman Sachs, JP Morgan and Morgan Stanley reporting good (or better-than-expected) earnings results.
- A whole host of leading central bankers spoke publically ahead of important policy meetings over the next few weeks. Chair Powell of the US Federal Reserve Bank (Fed) talked about how the Fed would taper asset purchases when it eventually begins to step back from its current very supportive stance. However, Powell, reiterated that the Fed remains focused on job creation and inflation.
- Meanwhile, European Central Bank President Lagarde outlined the ongoing importance of both central bank and government support for the economy until a "full recovery" is achieved. On home shores, the Bank of England's Chief Economist will soon be stepping down – Andy Haldane is more reticent about ultra-accommodative policies than his policymaker colleagues, potentially opening the door to a more supportive stance from the Bank.

Weekly market moves

In another good week for global stock markets, a number of market indices hit record highs once again.

Bond prices rose marginally over the seven-day period, with bond yields moving lower across the board (due to the inverse relationship between yields and prices).

Gold gained for the second week in a row. Oil reversed last week's losses, remaining the standout performer so far this year.

What to look out for this week

Policymakers at the European Central Bank are due to announce their latest decisions on Thursday – the bank is expected to maintain its current accommodative stance.

Throughout the week, more major companies – including Coca-Cola, Netflix and American Express – will deliver earnings reports covering the first quarter of 2021.

As the week draws to a close, a first look at April's manufacturing and service sector survey data (the Purchasing Managers Index) will be released. Financial markets will be keeping a close eye on any signs of inflationary pressures.

Market moves (as at 16 April 2021)

	Index Levels	Last Week	Month to Date	Year to Date
Equity				
MSCI United Kingdom	1,966.1	1.5%	4.6%	10.0%
MSCI United Kingdom Mid Cap	1,374.8	1.3%	6.4%	10.9%
MSCI United Kingdom Small Cap	473.1	1.4%	5.2%	11.6%
MSCI World (GBP)	2,221.5	0.8%	4.9%	9.2%
S&P 500 (GBP)	4,185.5	0.7%	5.2%	10.7%
MSCI Japan (GBP)	1,196.8	0.1%	1.9%	2.7%
MSCI Europe ex-UK (GBP)	1,589.4	1.3%	5.0%	7.8%
MSCI Pacific ex-Japan (GBP)	1,740.4	1.2%	4.1%	8.0%
MSCI Emerging Markets (GBP)	75,803.4	0.8%	2.4%	3.8%
Bonds				
BoA Merrill Lynch Conventional Gilts	1,332.5	0.2%	1.1%	-6.5%
BoA Merrill Lynch Index-Linked Gilts	596.3	0.7%	1.1%	-5.3%
BoA Merrill Lynch £ Corporate	465.7	0.3%	1.0%	-3.5%
Commodities				
Oil (West Texas Intermediate, GBP)	\$63.1	5.8%	6.5%	29.1%
Gold (GBP)	\$1774.5	1.2%	4.8%	-7.0%
S&P / GSCI (GBP)	2,347.3	3.0%	4.4%	17.4%

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