

## Weekly Bulletin: US policymakers reiterate their supportive stance

### Key takeaways

From ongoing central bank support to stimulus cheques for 90 million Americans, US policymakers confirmed their patronage of economic recovery last week. Meanwhile, COVID-19 vaccination programmes continued apace, and US-China relations looked decidedly frosty.

- As COVID-19 vaccination programmes continue to roll out across the world, global infection and fatality rates are still falling, albeit with some major regional exceptions (like Brazil). On Friday, the US reached a milestone of 100m vaccine doses and is on track to fully vaccinate half of all adults by June. In the UK, which has been among the front runners in inoculating its population, fatality numbers have fallen markedly.
- In mainland Europe, however, where vaccination programmes appear to have been sorely mismanaged, countries like France and Poland were forced to announce tough new lockdown restrictions over the past week. Against this frantic backdrop, we are also witnessing the emergence of 'vaccine nationalism', as countries vie to acquire and control the supply of vaccines.
- The latest update from the US Federal Reserve Bank (Fed) saw Chair Powell assert the central bank's commitment to maintaining accommodative financial conditions. This should be good news for US stock market performance. Economic growth projections have increased, but Powell has been keen to reiterate the importance of recovery in the employment picture: 9.5m fewer Americans are employed versus this time last year, and the road back to full employment is likely to be a long one. Meanwhile, US inflation projections have increased, but are not expected to meaningfully exceed the Fed's target of 2%.
- As part of President Biden's \$1.9trn American Rescue Plan, 90 million cheques for \$1,400 apiece have been issued to US individuals earning less than \$75,000 per year. While far from a silver bullet for the US economy, the move does demonstrate the continued willingness of governments to support economic recovery by any means necessary.
- Last week also provided a new window into international relations, as delegations from the US and China met for talks. Early signs indicate that frosty US-China relations could well continue under Biden's tenure; the US criticised China's behaviour towards Hong Kong, Xinjiang and Taiwan, while China accused the US of being an imperial power, weak on human rights and racism on home soil. The world will be closely watching the next steps for relations between its two largest super powers.

### Weekly market moves

It was a generally quiet week for global stock markets, with Japan the only standout performer in sterling terms.

In bond markets, price weakness continued, though losses were relatively small (bond yields, which move inversely to prices, rose slightly).

Commodities were volatile across the board. Oil performed especially poorly, despite some price recovery on Friday. Precious metals rose over the week.

### What to look out for this week

Tuesday marks the one-year anniversary of March 2020's stock market lows.

On Wednesday, an early look at important economic survey data (the Purchasing Managers' Index) covering the month of March will be released. The latest figures could provide fresh insight into the economic recovery in the US and Europe.

As the week draws to a close, EU leaders will meet in Brussels, with the pandemic expected to be a key talking point.

## Market moves (as at 19 March 2021)

	Index Levels	Last Week	Month to Date	Year to Date
<b>Equity</b>				
MSCI United Kingdom	1,880.1	-0.7%	3.8%	4.9%
MSCI United Kingdom Mid Cap	1,293.9	-0.2%	4.1%	3.9%
MSCI United Kingdom Small Cap	448.4	-0.3%	2.7%	5.5%
MSCI World (GBP)	2,105.2	-0.2%	3.5%	2.8%
S&P 500 (GBP)	3,913.1	-0.6%	3.6%	3.0%
MSCI Japan (GBP)	1,222.7	2.9%	5.4%	3.6%
MSCI Europe ex-UK (GBP)	1,521.9	0.3%	3.7%	1.7%
MSCI Pacific ex-Japan (GBP)	1,675.2	0.0%	2.2%	3.5%
MSCI Emerging Markets (GBP)	75,077.9	-0.6%	0.7%	2.3%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	1,320.1	-0.1%	0.1%	-7.4%
BoA Merrill Lynch Index-Linked Gilts	591.3	0.7%	2.1%	-6.1%
BoA Merrill Lynch £ Corporate	459.9	-0.3%	-0.5%	-4.7%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$61.4	-6.2%	0.6%	25.2%
Gold (GBP)	\$1735.2	2.0%	0.3%	-9.4%
S&P / GSCI (GBP)	2,281.7	-3.3%	0.2%	13.7%

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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