

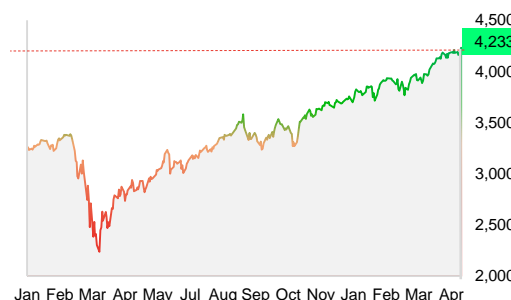
Global Market Watch

Global markets
Periodic
May 11, 2021

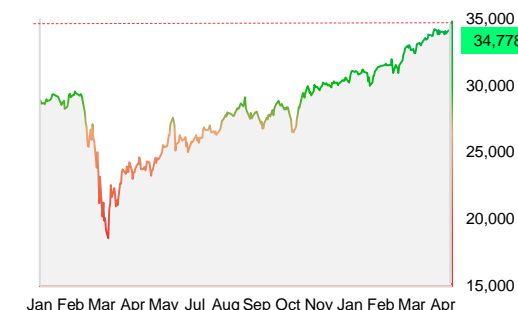
What's moving markets

- On 27-28 April meeting the Fed maintained interest rates and bond purchasing program unchanged. The FED noted that despite the progress in vaccination and strong economic revival, the US economy remains far from Fed's goals and reassured that the pace of the economic support wouldn't change before "substantial further progress" in employment and inflation. Demand on treasury assets increased in April, with US treasury benchmark rate (10-year) retreating to 1.65% by end-April. Joe Biden announced another fiscal stimulus plan for USD 1.8tn (Family Aid Plan) to expand educational opportunities and child care for middle- and lower-income families.
- The markets were negatively affected by the comments from US Treasury Secretary Janet Yellen, stating that considering the fiscal stimulus, increase in interest rates might become necessary "to make sure our economy doesn't overheat". The market sentiment was further deteriorated by the economic news from USA. The Labor Department reported that only 266,000 jobs were added in April, significantly lower than analyst expectations, while unemployment rate rose from 6.0% to 6.1%
- Elevated inflation expectations have put downward pressure on the financial markets, particularly in the second half of April and first half of May. Tech stocks were hit hardest as investors pulled back, namely, technology heavy NASDAQ index was down 2.1% over mid April-mid May period (in the first week of May NASDAQ recorded worst weekly losses in two months).
- Overall, S&P 500 Index increased by 1.1% over mid April-mid May period, reaching 4,200 level. Dow Jones index also increased, up 1.7% in the same period. In Europe, STOXX index increased by 0.6%, while FTSE 250 posted a 1.3% growth.

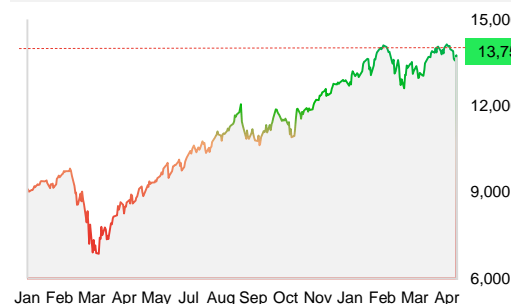
S&P 500



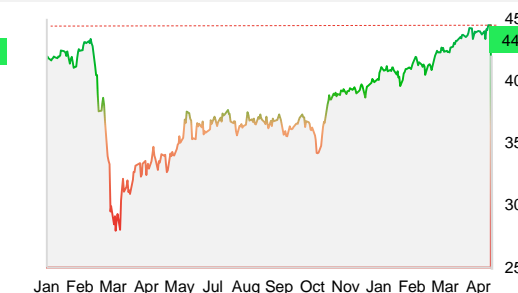
Dow Jones Industrial Average



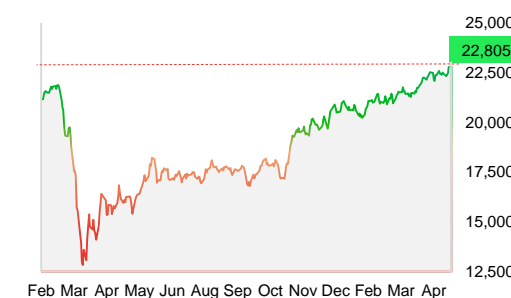
NASDAQ



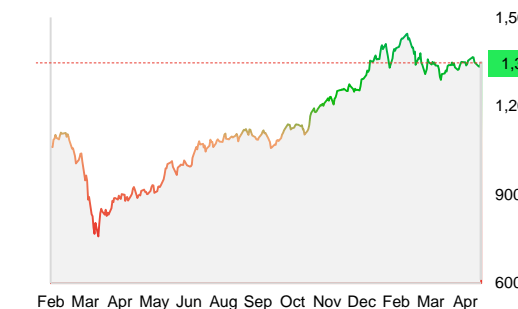
STOXX 600 Europe



FTSE 250



Emerging Markets Index



Source: Bloomberg
Note: Data as of 7 May 2021

- The economic rebound continues in China. The recent data on Chinese external trade shows growth in both exports and imports. Notably, exports level was above the analysts' expectations, indicating strong demand on Chinese products. Chinese stocks remained mostly flat over the mid April-mid May period.
- In Japan, due to the surge in coronavirus cases Japan's Government extended the state of emergency until May 31. By end of April, Japan's Nikkei 225 index dropped by 1.3% compared to end-March level, however in the first trading week of May the prices rebounded, posting a strong 2.4% growth to 29,518 level.

Commodities

- On 6 May, the Colonial Pipeline - transporting almost half of the fuel consumed on the East Coast - was shut down after a cyber attack. This has disrupted supplies to the East Coast. On the back of supply disruptions, oil prices increased further, with WTI crude oil price up 2.8% in the first week of May, reaching US\$ 65.3/barrel by 10th of May, while Brent crude oil price increased by 2.2% to US\$ 68.8/barrel, in the same period. Notably, this is the highest level since early 2019.
- Mixed signals on economic recovery pushed Gold prices up, reaching a three-month high of \$1,835 per troy ounce as of 10 May 2021.

Volatility

- Cboe Volatility Index, VIX, the gauge of fear in S&P market, declined further in May, trading at 17.4 by 10 May.



Source: Bloomberg
Note: Data as of 7 May 2021

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