

The Market Place

- Global equities rose 1.5% last week
- Joe Biden was inaugurated as the 46th US President
- Brent crude rose 0.6% last week to \$55.4 a barrel
- Gold rose 1.5% to \$1855.61 per ounce

US

US equities rose 2% last week with the main benchmark index and the technology index hitting new all-time intraday highs. The gains were driven by communications and tech hardware. Cyclical such as banks and energy stocks underperformed.

President Biden's new cabinet signalled that the new administration would continue some of Donald Trump's hard-line economic policies toward China, with officials vowing to fight "abusive" trade practices.

The US services PMI came in 4pts higher than expected at 57.5 and manufacturing PMI 2.6pts higher at 59.1. The composite level of 58.0 is the second-highest reading since 2015.

Weekly initial jobless claims for the week ending January 16 came in at 900k vs. 935k expected, whilst the previous week's number was revised -39k lower

President Biden proposed a new pandemic rescue stimulus bill of \$1.9 trillion and in his first hours as president signed a series of executive orders focused on combating climate change, including re-joining the Paris Climate Agreement.

Europe

European equities gained 0.4% last week

ECB President Christine Lagarde and her colleagues held the pandemic bond-buying program at 1.85 trillion euros, after a 500 billion-euro boost last month, and reiterated that it will run until at least March 2022.

The January flash composite Euro Area PMI fell to 47.5, remaining beneath the 50-mark that separates expansion from contraction. Notably, Germany's composite PMI came in at 50.8 vs. 50.0 expected whilst France came in at 47.0 vs. 49.0

Germany cut its 2021 economic growth forecast to 3% from 4.4% last week

Italian Prime Minister Giuseppe Conte will work to broaden support for his depleted coalition after falling short of an outright majority in a crucial Senate vote.

UK

UK Equities fell 0.7% last week

UK flash PMI came in at 40.6 vs 45.5 expected as strict lockdowns continue to affect the British economy. The services PMI reading came in at 38.8 vs. 45.0 expected, which was the lowest since May 2020.

Brexit border trouble grows as key customs system reach capacity after being overwhelmed and threatens to trigger more disruption as freight traffic rebounds.

Bank of England Governor Bailey said that he expected a "pronounced" economic recovery in the UK later in the year due to the rollout of vaccines.

Asia / ROW

The benchmark Global Emerging Markets index returned 2.6% last week

Japanese equities ended the week flat

The Japanese central bank left its long and short-term policy unchanged saying it intends to keep easing measures in place until it reaches its price stability target of 2% core inflation.

The Chinese economy grew by 2.3% in 2020, the only major economy to increase its GDP last year. Chinese equities were the strongest global performer last week, returning 5.9%



Performance

Asset Class/Region	Currency				
		Week ending 22 Jan 2021	Month to date	YTD 2021	12 Months
Developed Market Equities					
United States	USD	2.0%	2.3%	2.3%	17.1%
United Kingdom	GBP	-0.7%	3.7%	3.7%	-10.4%
Continental Europe	EUR	0.4%	2.0%	2.0%	1.7%
Japan	JPY	0.0%	2.9%	2.9%	9.0%
Asia Pacific (ex Japan)	USD	3.1%	8.5%	8.5%	29.7%
Australia	AUD	1.3%	3.2%	3.2%	-1.9%
Global	USD	1.5%	2.5%	2.5%	16.2%
Emerging markets equities					
Emerging Europe	USD	-3.1%	0.8%	0.8%	-14.1%
Emerging Asia	USD	3.7%	9.8%	9.8%	37.8%
Emerging Latin America	USD	-4.6%	-3.3%	-3.3%	-16.5%
BRICs	USD	3.4%	8.2%	8.2%	24.8%
China	USD	5.9%	11.8%	11.8%	40.8%
MENA countries	USD	0.4%	3.5%	3.5%	-0.2%
South Africa	USD	2.8%	4.1%	4.1%	1.8%
India	USD	-0.2%	2.9%	2.9%	16.9%
Global emerging markets	USD	2.6%	7.9%	7.9%	25.5%
Bonds					
US Treasuries	USD	0.0%	-1.2%	-1.2%	6.1%
US Treasuries (inflation protected)	USD	0.5%	0.1%	0.1%	10.7%
US Corporate (investment grade)	USD	-0.1%	-1.2%	-1.2%	7.1%
US High Yield	USD	0.1%	0.5%	0.5%	6.9%
UK Gilts	GBP	-0.3%	-1.8%	-1.8%	4.4%
UK Corporate (investment grade)	GBP	0.0%	-0.9%	-0.9%	5.6%
Euro Government Bonds	EUR	-0.5%	-0.8%	-0.8%	3.5%
Euro Corporate (investment grade)	EUR	-0.1%	0.0%	0.0%	2.2%
Euro High Yield	EUR	0.3%	0.7%	0.7%	2.4%
Japanese Government	JPY	-0.2%	-0.2%	-0.2%	-1.0%
Australian Government	AUD	-0.2%	-0.7%	-0.7%	1.7%
Global Government Bonds	USD	0.1%	-1.2%	-1.2%	8.4%
Global Bonds	USD	0.1%	-0.9%	-0.9%	8.3%
Global Convertible Bonds	USD	1.1%	1.9%	1.9%	24.6%
Emerging Market Bonds	USD	0.2%	-2.0%	-2.0%	3.9%

Performance

Asset Class/Region	Currency				
		Week ending 22 Jan 2021	Month to date	YTD 2021	12 Months
Property					
US Property Securities	USD	1.1%	0.9%	0.9%	-9.9%
Australian Property Securities	AUD	0.7%	-2.5%	-2.5%	-16.0%
Asia Property Securities	USD	1.1%	1.5%	1.5%	-9.2%
Global Property Securities	USD	0.8%	0.0%	0.0%	-8.2%
Currencies					
Euro	USD	0.6%	-0.5%	-0.5%	9.8%
UK Pound Sterling	USD	0.5%	0.2%	0.2%	4.2%
Japanese Yen	USD	0.0%	-0.5%	-0.5%	5.8%
Australian Dollar	USD	-0.1%	0.3%	0.3%	12.8%
South African Rand	USD	0.4%	-3.0%	-3.0%	-5.2%
Swiss Franc	USD	0.4%	-0.1%	-0.1%	9.4%
Chinese Yuan	USD	0.0%	0.7%	0.7%	6.3%
Commodities & Alternatives					
Commodities	USD	-1.1%	3.0%	3.0%	-2.8%
Agricultural Commodities	USD	-2.5%	1.8%	1.8%	18.1%
Oil	USD	0.6%	7.0%	7.0%	-12.3%
Gold	USD	1.5%	-2.0%	-2.0%	19.1%
Hedge funds	USD	0.3%	1.3%	1.3%	6.8%



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