

Market Update

11th June 2021

News Headlines

US inflation – US consumer prices rose at the fastest pace since 2008 in May, as pent-up demand combined with higher prices for goods stoked further concerns about inflationary pressure. Consumer prices rose 5% last month, above economists' estimates of 4.7%, which represents the steepest increase since a 5.4% acceleration in August 2008. The Federal Reserve has repeatedly stated that they think that higher inflation is transitory, and the minutes of the bank's meeting in April showed that officials maintained a relatively optimistic approach to inflation.

G7-Summit – The three day Group of Seven summit began on Friday, with this year's even being held in Cornwall. The leaders have already pledged to provide one billion coronavirus vaccine doses to poorer countries as part of a plan to vaccinate the world by the end of 2022. The pledge is designed to address the criticism that western governments have secured the bulk of vaccines to immunise their own populations. Other topics which are high on the agenda of the G7 countries include climate change, girls' education and the economic recovery.

Global corporation tax – The G7 nations reached a deal to back the United States' call for a minimum corporate tax rate of 15% on foreign earnings. Key details of the agreement are still to be finalised and more nations need to sign up, but US Treasury Secretary, Janet Yellen, has called the agreement a revival of multilateralism and stated that it was an "unprecedented commitment" to a global minimum corporate tax and it would "ensure fairness for the middle class and working people in the US and around the world".

Market Summary

Global Equities – Global stock markets extended their push through record highs, as the MSCI World Index advanced for a fourth straight week. Investors shrugged off higher than expected US inflation figures, as May's figures were largely driven by categories associated with economic reopening, which reinforced the Federal Reserve's (Fed) belief that the inflationary pressures are transitory. The data actually fuelled risk appetite across global markets, with bond market also falling in line with the Fed's thinking. The US 10-year yield fell below 1.5% for the first time in three months.

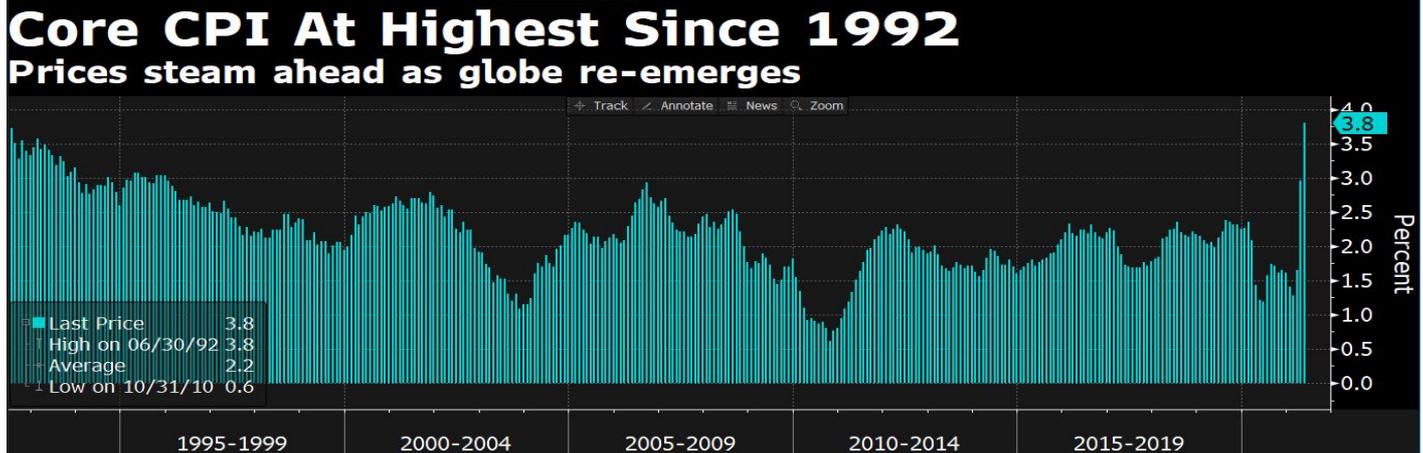
Commodities – Gold prices gained slightly against the US dollar over the week. The precious metal briefly pushed above the \$1,900 per ounce, with the ongoing decline of US treasury yields continuing to boost gold prices.

Oil prices (Brent crude & WTI) rallied, reaching multi-year highs. Prices were set for their third weekly jump on expectations of a recovery in fuel demand in the US, Europe and China as rising vaccination rates lead to easing of pandemic restrictions. Furthermore, Goldman Sachs have predicted that Brent crude prices will reach \$80 per barrel this summer.

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Chart of the week



Source: Bloomberg – Core inflation figures at the highest levels since 1992

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Germany CPI final - UK claimant count - US PPI Inflation	- UK CPI - FOMC rate announcement	- EU Inflation yy	- Japan CPI - UK retail sales

Market Performance 2021 – 10/06/2021

Global Market Indices	2021 YTD %*
FTSE 100	9.68%
S&P 500	15.30%
Dax	13.44%
Nikkei 225	6.99%
Hang Seng	5.82%
Fixed Income	Yield %
UK 10 Yr Gilt	0.75%
US 10 Yr Treasury	1.46%
Commodities	2021 YTD %
Gold	0.15%

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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