

News highlights

- Last week the 10-year US Treasury yield finished higher for the eighth straight week, pushing briefly through 1.75%, driven by rising inflation expectations and confidence that the economic rebound is accelerating.
- Inflation usually becomes a problem when the Fed decides to fight it by hiking rates to cool an overheating economy. As confirmed at last week's FOMC, the good news is that the Fed is currently laser-focused on achieving its full employment mandate, including a broader definition of employment across wage, racial and ethnic groups.
- US policymakers affirmed that they anticipated no rate hikes until 2023, along with their confidence that any increase in inflation will prove short-lived. The committee also pledged to maintain the current pace of its asset purchases and meaningfully upgraded its projections for economic growth in 2021 (from 4.2% to 6.5%).
- By contrast, the Fed says it will restore capital requirements for large banks that were relaxed during the early days of the pandemic and it will not extend the relief (temporarily exclusion of US-Treasuries and cash reserves from the assets while calculating the ratio) from the supplementary leverage ratio past March 31st.
- On Friday, U.S. and Chinese officials concluded what Washington called "tough and direct" talks, which laid bare the depth of tensions between the world's two largest economies at the outset of the Biden administration. Onshore Chinese stocks plunged to finish the week, and they've been falling persistently since the end of the Lunar New Year back in January.
- While the U.S. Federal Reserve kept its short-term lending rate steady, central banks in Brazil, Turkey, and Russia raised rates during the week in moves that were either unexpected or more than analysts had predicted.
- VW shares were shining last week on profit beat but also on the company plans of how they can beat Tesla and become the electric-vehicle market darling.
- Activist shareholders won an epic battle against stakeholder capitalism with the resignation of E. Faber as CEO of Danone

EQUITIES *(local currency, price change)*

| | Last Price | 5 days | YTD | | 5 Years |
|----------------------|------------|--------|--------|--------|---------|
| | | | Local | EUR | |
| US | | | | | |
| S&P 500 | 3 913 | -0,8% | 4,18% | 6,95% | 90,9% |
| Nasdaq | 13 215 | -0,8% | 2,54% | 5,26% | 175,6% |
| Dow Jones | 32 628 | -0,5% | 6,60% | 9,43% | 85,4% |
| Europe | | | | | |
| Stoxx 50 | 3 837 | 0,1% | 8,0% | 8,0% | 25,4% |
| DAX | 14 621 | 0,8% | 6,6% | 6,6% | 46,9% |
| CAC | 5 998 | -0,8% | 8,0% | 8,0% | 34,4% |
| FTSE | 6 709 | -0,8% | 3,8% | 8,4% | 8,4% |
| AEX | 682 | 0,6% | 9,1% | 9,1% | 53,3% |
| BEL 20 | 3 873 | 0,2% | 6,9% | 6,9% | 13,2% |
| SMI | 10 967 | 1,2% | 2,5% | 0,5% | 40,4% |
| EM & Asia | | | | | |
| Nikkei 225 | 29 792 | 0,2% | 8,56% | 6,24% | 78,1% |
| Hang Seng | 28 991 | 0,9% | 6,46% | 9,14% | 40,2% |
| India | 49 858 | -1,8% | 4,41% | 8,08% | 99,8% |
| Russia | 3 475 | -1,8% | 5,66% | 9,48% | 81,6% |
| Brazil | 116 222 | 1,8% | -2,35% | -4,62% | 128,7% |

FIXED INCOME *(local currency, total return)*

| | Yield | 5 days | YTD | 5 Years |
|------------------|-------|--------|-------|---------|
| | | | | |
| US | | | | |
| Government | 0,99 | -0,3% | -4,3% | 12,2% |
| Investment Grade | 2,22 | -0,2% | -5,0% | 26,0% |
| High Yield | 4,55 | -0,5% | -0,1% | 45,5% |
| Europe | | | | |
| Government | - | 0,04 | -0,2% | -2,3% |
| Investment Grade | 0,36 | 0,0% | -0,8% | 12,5% |
| High Yield | 3,07 | -0,1% | 1,3% | 27,3% |
| EM | | | | |
| Global HC USD | 3,57 | 0,2% | -2,8% | 30,3% |

EUR VERSUS MAJOR CURRENCIES

| | Last | 5 days | YTD | 5 Years |
|-----|--------|--------|-------|---------|
| USD | 1,19 | -0,4% | -2,6% | -7,9% |
| JPY | 129,62 | -0,5% | 2,7% | 28,8% |
| CHF | 1,11 | -0,5% | 2,3% | -8,6% |
| GBP | 0,86 | -0,1% | -4,0% | 7,7% |

COMMODITIES

| | Last | 5 days | YTD | | 5 Years |
|-------|----------|--------|-------|-------|---------|
| | | | USD | EUR | |
| Brent | 64,53 | -6,8% | 24,6% | 27,9% | -41,2% |
| Gold | 1 745,23 | 1,0% | -8,1% | -5,6% | -1,1% |

Source: Bloomberg, BIL, as at 19/03/2021

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