BANQUE INTERNATIONALE À LUXEMBOURG

Weekly Market Snapshot

17th May 2021

News highlights

- After having been dormant for more than a decade, it was groundhog moment for inflation last week with America's annual inflation rate soaring to 4.2%.
- The 'core price index', which strips out food and energy, rose 0.9% from March or 3% from 12-months ago. For context, 3 categories (hotels, auto rental, and used autos) accounted for nearly 90% of the core rate increase while representing less than 5% of the index constituents.
- Inflation concerns dragged stocks down from record highs, but a late rally moderated the decline in what was a volatile week.
- Complaints around labour shortages, particularly among businesses in the service sector, were also evident last week with Amazon announcing a $100 bonus for vaccination and a $1000 sign on bonus in some locations.
- Government bonds suffered a significant sell-off, with German government bonds now the only negative yielding 10-year government bonds in the Eurozone, while the US 10-year Treasury yield stayed well below its March peak.
- The European Commission lifted its Eurozone growth forecast to 4.3% for 2021 (from 3.8%) and 4.4% for 2022 (from 3.8% as well), with all EU economies returning to pre-virus GDP by the end of 2022.
- Taiwan's stock market faced panic selling during the week, with the benchmark index losing nearly 9% intraday on Wednesday before settling the day at a 4.1% loss.
- Gold finished little changed in choppy trading and crude oil prices rose, with the move amplified by the cybersecurity attack late last week that shut down a key US energy pipeline.

EQUITIES *(local currency, price change)*

	Last Price	5 days	YTD		5 Years
US			Local	EUR	
S&P 500	4 174	-1,4%	11,12%	11,93%	103,9%
Nasdaq	13 430	-2,3%	4,20%	4,96%	184,7%
Dow Jones	34 382	-1,1%	12,34%	13,15%	96,1%
Europe					
Stoxx 50	4 017	-0,4%	13,1%	13,1%	35,9%
DAX	15 417	0,1%	12,4%	12,4%	54,9%
CAC	6 385	0,0%	15,0%	15,0%	47,8%
FTSE	7 044	-1,2%	9,0%	13,4%	14,7%
AEX	703	-2,1%	12,6%	12,6%	62,2%
BEL 20	4 066	0,6%	12,3%	12,3%	20,4%
SMI	11 121	-0,5%	3,9%	2,9%	40,3%
EM & Asia					
Nikkei 225	28 084	-4,3%	2,33%	-2,22%	71,1%
Hang Seng	28 028	-2,0%	2,92%	3,50%	42,1%
India	48 733	-1,0%	2,05%	2,47%	91,2%
Russia	3 638	-1,2%	10,60%	12,78%	90,7%
Brazil	121 881	-0,1%	2,41%	1,86%	135,3%

FIXED INCOME *(local currency, total return)*

	Yield	5 days	YTD	5 Years
US				
Government	0,96	-0,4%	-3,6%	11,8%
Investment Grade	2,09	-0,4%	-3,4%	25,0%
High Yield	4,12	-0,3%	2,0%	44,1%
Europe				
Government	0,14	-0,8%	-4,0%	8,3%
Investment Grade	0,41	-0,5%	-1,0%	11,2%
High Yield	2,96	-0,2%	2,1%	26,2%
EM				
Global HC USD	3,55	-0,2%	-1,7%	28,4%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1,21	-0,2%	-0,6%	-6,1%
JPY	132,78	0,5%	5,2%	31,9%
CHF	1,09	-0,1%	1,2%	-9,5%
GBP	0,86	-1,0%	-3,7%	8,0%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	68,71	0,6%	32,6%	33,6%	-37,4%
Gold	1 843,43	0,7%	-2,9%	-2,2%	4,5%

Source: Bloomberg, BIL, as at 14/05/2021

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