

News highlights

- It was a quiet week on financial markets with 'meme stocks', especially AMC Entertainment, grabbing headlines with heavy trading volumes and extreme volatility in what was probably the second episode of the short-squeeze series, while the broader equity market remained stuck in its range near record highs, grappling between economic optimism and potential Fed policy tweaks.
- The headline monthly US jobs number was below expectations and cooled concerns about inflation. The unemployment rate decreased to 5.8%, but the participation rate declined slightly. There are still 7.6 million fewer jobs than in February 2020.
- Eurozone headline inflation accelerated to 2% in May from 1.6% in April, driven by higher energy costs. While all market participants saw it coming, inflation trend is starting to make a lot of investors sweat. The less volatile core inflation measure was just 0.9% in May.
- In an announcement made on Wednesday, the Fed said it will begin reducing holdings in the vehicle it used to make the emergency purchases – known as the Secondary Market Corporate Credit Facility (SMCCF), which currently owns some \$5.2bn of bonds and \$8.56bn of ETFs. The Fed will begin by reducing the ETFs it owns before winding down the corporate bond holdings, a process that is expected to span 2021. Although a minor move that is distinct from the \$7.3trn debt on the Fed's balance sheet (for which it will continue to purchase at least \$120bn of US debt a month), it is another sign the central bank is prepared to begin tightening monetary policy slowly but surely after a period of ultra-loose conditions. In the current context of credit spread tightness, it will be interesting to see how the market reacts in the coming weeks.
- G7 countries reached a landmark agreement Saturday to set a minimum 15% multinational corporate tax threshold. Under the agreement, companies with profit margins of at least 10% would have to allocate 20% of their global profits to countries where they make their sales. Next step will be on the forthcoming G20 in July, where approval there would mark a significant leap towards making this a reality. The G7 communique also said finance ministers supported moving towards mandatory climate-related financial disclosures for companies.

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	4 230	0,6%	12,61%	13,21%	100,5%
Nasdaq	13 814	0,5%	7,19%	7,75%	178,0%
Dow Jones	34 756	0,7%	13,56%	14,16%	93,9%
Europe					
Stoxx 50	4 089	0,5%	15,1%	15,1%	36,2%
DAX	15 693	1,1%	14,4%	14,4%	55,1%
CAC	6 516	0,5%	17,4%	17,4%	47,3%
FTSE	7 069	0,7%	9,4%	14,1%	12,7%
AEX	720	1,0%	15,3%	15,3%	61,3%
BEL 20	4 087	0,0%	12,9%	12,9%	16,7%
SMI	11 571	1,3%	8,1%	7,2%	41,7%
EM & Asia					
Nikkei 225	28 942	-0,7%	5,46%	0,48%	74,6%
Hang Seng	28 918	-0,7%	6,20%	6,71%	37,5%
India	52 100	1,3%	9,11%	9,94%	94,6%
Russia	3 807	2,1%	15,76%	19,73%	98,8%
Brazil	130 126	3,6%	9,33%	12,70%	158,0%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD	5 Years
US				
Government	0,92	0,1%	-3,1%	12,4%
Investment Grade	2,03	0,2%	-2,5%	25,8%
High Yield	4,01	0,3%	2,5%	42,7%
Europe				
Government	0,04	0,2%	-3,1%	8,8%
Investment Grade	0,35	0,2%	-0,6%	11,1%
High Yield	2,80	0,3%	2,8%	25,6%
EM				
Global HC USD	3,49	0,2%	-1,0%	28,6%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1,22	-0,2%	-0,4%	-5,9%
JPY	133,21	-0,5%	5,6%	32,3%
CHF	1,09	-0,3%	1,2%	-9,6%
GBP	0,86	0,0%	-3,9%	7,8%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	71,89	3,2%	38,8%	39,5%	-34,5%
Gold	1 891,59	-0,6%	-0,4%	0,2%	7,2%

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