Though the week saw global equities drop across the board, the month of April saw significant gains with developed market equities up 4.7% and emerging markets gain 2.5%. Conflicting catalysts with virus cases in India increasing and mixed economic data were countered by encouraging earning releases that were indicative of the recovery getting legs and a continued strong global vaccination rollout. The 10 year US Treasury is managing to stay within a “safe” range and is not yet creating serious inflationary concerns at a yield of 1.63%. Brent crude oil futures are at $66.8 per barrel, gold spot price at $1,768 and the Bloomberg Dollar Index—a comparison of the U.S. dollar to six major world currencies was up for the week by 0.46 % to 91.30. The euro and the British pound lost ground versus the U.S. dollar. Copper and cobalt continue to rise with copper trading above $10,000 and causing concerns for rising input costs. UAE equities had a good April and the Abu Dhabi and Dubai Indices both gained over 3%. Last week saw them lose some ground in line with global equities, though banking sector results should boost sentiment while telecom results were a mixed bag.

Asian markets have underperformed in April, though last week saw a flat performance from China equities in spite of an expanding Tech-sector crackdown in China. On the macro front China Manufacturing PMI 51.1 vs. 51.8 survey; Non-Manufacturing PMI 54.9 vs. 56.1 survey. Chinese officials have called in 13 tech companies to rectify prominent problems on their platforms, as regulatory pressure on the fintech sector has extended beyond the Ant Group.
Tencent, ByteDance and the fintech affiliates of Baidu, JD.com, Meituan and Didi were summoned to a meeting with officials from the People’s Bank of China and other regulators. A possible impact is that financing costs for larger fin-tech companies will rise, however some smaller players may get the chance to expand.

European equities ended the week down half a percent, though had a good April. The eurozone slid into a technical recession in Q1 as GDP dropped with severe coronavirus lockdown measures in place. The 0.6% fall in GDP followed a decline of 0.7% in Q4 2020, two consecutive quarters of negative growth. Consumer spending in France is at a slower-than-expected pace while consumer and wholesale prices were above forecasts. A preliminary read on Q1 GDP out of Italy showed improvement quarter-over-quarter, but is in contraction territory, while output out of Spain and Germany worsened q/q. Good earnings from the banks Barclays and BNP Paribas and British pharmaceutical AstraZeneca whose, COVID-19 vaccine contributed significantly to sales.

US indices dropped from mid-week record highs to end the week marginally down. The S&P 500 has gained close to 12% this year and it’s a sustainable rally backed by 95% of the members currently above their 200-day moving average. Good news on the macro front: the US saw a record increase in personal incomes with the aid of recent stimulus checks, while Q1 employment costs rose, consumer sentiment was revised higher, and manufacturing activity in the Chicago region jumped to its highest level in over 37 years. The US economy grew at an annualized rate of 6.4% in Q1, above forecasts of economists polled by Reuters for a 6.1% gain. This is the second-fastest quarterly growth for the US since 2003, boosted by government stimulus spending and continued central bank monetary policy support. The US earnings calendar remains a major focus. 300 of the S&P 500 companies that have reported thus far, roughly 71% have topped revenue expectations, while about 87% have beaten earnings estimates. Sales growth is on track to be up 11.5% and earnings growth 52% above year ago levels. The economic effects of Covid-19 have taken tech titans Apple, Microsoft, Amazon, Facebook and Alphabet to declare record growth in revenue and profits. Apple announced a $ 90 bn share buyback as iPhone sales boosted revenue and profits. Amazon had a second quarter of revenue over $ 100 bn and looks on track to be the second company with over a $ 2 trillion valuation. A rise in digital ad spending led to a boost in Facebook and Alphabet earnings while Microsoft benefited from cloud and videogame services on account of the lockdowns.

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