



### Weekly Bulletin: Upbeat financial markets and easing of lockdowns

**Lockdown conditions across the world are being eased, even as the fight against COVID-19 (or coronavirus) continues. Stock markets were buoyant last week, while the price of US oil also showed some signs of recovery.**

- The number of deaths caused by COVID-19 continues to rise, as do confirmed new cases of infection. However, the pace of both fatalities and new infections is falling in most locations, including the UK, where the prime minister has announced a three-step process for exiting lockdown. As a tentative first step, workers in certain sectors (such as construction) have been encouraged to return to work this week, and more outdoor exercise has been authorised. The mantra has changed from 'stay at home' to 'stay alert'.
- Across the planet, the fight against the pandemic goes on, from creating tests and treatments to the search for a vaccine. But progress is mixed, and clusters of new infections are appearing in north-eastern China, South Korea, Iran and Germany – all areas which had previously been improving. With some of these places now reintroducing restrictions, we should expect a stop-start journey to the ending of lockdown conditions from here.
- In an unwelcome reappearance of an old foe to financial markets, trade tensions between the US and China are re-emerging too. President Trump's apparent loss of support in key swing states ahead of November's presidential election has no doubt played a part in reigniting hostilities. Harder rhetoric from the White House could also be designed to force China to follow through on the 'Phase One' trade deal signed in January (including the purchase of more US goods, now that China's economy is reopening). Structural tensions between the two countries are being amplified further by the COVID-19 pandemic, with China the point of origin for the outbreak, and the US population enduring the highest death toll.
- Meanwhile, economic data released last week continued to paint a grim picture of the situation on the ground. Virtually all economies have been impacted by COVID-19 shutdowns, with both manufacturing and service sectors taking record-breaking hits.
- However, while there is no denying the sharp shock COVID-19 has given to the global economy, and the economic casualties that this has created (and will continue to create) we must remember that such data is backward-looking in nature. The key question for investors now is how these figures will change as the world moves forward, in the light of economic support from governments and central banks, and the gradual easing of lockdowns.

### What to look out for this week

- Brexit talks resume today, but limited progress is expected. The EU does not want to be undercut on any rules relating to social, environmental, labour and state-subsidy matters, but does want access to British fishing waters. The UK will push back on rules that inhibit its sovereignty. Both sides have until the end of June to agree to delay the end of the transition period, if required.
- This week also sees the tail end of the reporting season for companies' first quarter earnings, as well as the release of more economic growth data and various inflation statistics from around the world.

	Index Levels	Last Week	Month-to-date	Year-to-date
<b>Equity</b>				
MSCI United Kingdom	1,686.0	3.1%	0.7%	-20.8%
MSCI United Kingdom Mid Cap	1,000.3	3.1%	1.3%	-24.0%
MSCI United Kingdom Small Cap	335.9	1.1%	-0.9%	-25.8%
MSCI World (GBP)	1,564.8	3.2%	1.4%	-6.5%
S&P 500 (GBP)	2,881.2	4.0%	1.6%	-3.2%
MSCI Japan (GBP)	861.0	2.1%	0.3%	-7.5%
MSCI Europe ex-UK (GBP)	1,185.0	-0.5%	0.5%	-13.1%
MSCI Pacific ex-Japan (GBP)	1,352.2	2.4%	-0.9%	-15.8%
MSCI Emerging Markets (GBP)	52,632.6	-0.1%	-0.4%	-12.7%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	1,444.5	0.6%	0.1%	10.3%
BoA Merrill Lynch Index-Linked Gilts	617.0	2.6%	2.1%	9.0%
BoA Merrill Lynch £ Corporate	446.5	0.1%	-0.2%	0.6%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$23.4	21.1%	24.9%	-58.7%
Gold (GBP)	\$1704.1	3.2%	2.7%	21.3%
S&P / GSCI (GBP)	1,418.0	7.5%	7.9%	-41.0%

**Past performance is not a reliable indicator of future results. The value of investments may fall as well as rise.** All performance returns are in GBP, while all index levels are in local currency.