

Market News - week commencing 13-09-2021

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Equity markets are **generally firmer** this morning with a **slight recovery in risk-assets** following last week's fall.

US Equity markets had their **worst week since the third week in June** as **worries about inflation resurfaced**. Add to that **covid infection rates in the US** are also starting to **impact economic growth**.

Other **international markets also followed suit** with similar losses in both UK and European markets. UK markets were also affected by **weaker than expected growth figures** as monthly GDP data came in lower-than-expected which economists **blamed on the pandemic**.

Review

FTSE -138 -1.9% **DOW -703 -2%** **S&P -74 -1.63%** **NASDAQ -199 -1.2%**
DAX -217 -1.37% **NIKKEI +586 +2%**

So US equities had their worst week since late June as traders and investors re new their focus following Labour day last Monday which marks the end of the vacation season.

Whilst the **Covid infection rates** have been **gnawing away at sentiment** for most of the week, Friday saw the release of the **US PPI data** – Producer Price Index, which posted a **rise of 0.7%**

which was higher than consensus. The PPI number is the **cost of material, goods and services going into production**. In effect PPI could be considered a **leading indicator of inflation**.

So a **consensus beating PPI** number was not what an **inflation-sensitive market wanted to see**.

Bond markets were also under pressure last week following the **ECB's announcement** that it would **"moderately" slow bond purchases under its €1.85tn emergency monetary stimulus programme**.

Whilst not unexpected, it reminded the markets that it was not just in the US where QE tapering will happen.

EURUSD -0.70 -0.6% **GBPUSD -0.22 -0.15%** **USDJPY +0.19 +0.17%**

The USD, in keeping with the risk-off move in equities, had a positive week as investors moved in the safer haven of the US Dollar. Sterling had a better week, more likely because there was not so much negative news.

The EURO tends to react more when there is a flight into US Dollars.

Gold -40 -2.1% **UK OIL +.21 +0.28%** **US OIL +0.37 +0.53%** **Bitcoin -4,738 -9.55%**

Gold **tracked the US Dollar** by falling in **typical reaction**. USD priced commodities will fall if the US Dollar rallies, as was the case last week.

Oil was **flat last week** despite the fall in equities, with nothing much to report.

Crypto....

El Salvador became the first country in the world to **adopt bitcoin as legal tender last week**.

News that **technical issues prevented anyone from using cash machines** dented the mood which ultimately precipitated a **significant sell off in Crypto last week**.

El Salvador is being closely watched by central bankers and crypto enthusiasts alike.

Data / Events this week

The release **Inflation data** this week in US, UK and EU. Quite a hot topic.

Monday

Nothing of note today

Tuesday

UK Unemployment data – further improvement.

US **CPI** – inflation data – **VERY** keenly anticipated. Consensus of +0.3%. Anything higher **could result in another risk-off bout**.

Wednesday

UK **Core CPI – inflation data** – another jump following August's surprising fall.

US **Industrial** production and **manufacturing** data. Another pull back?

US Crude oil inventories

Thursday

US Core retail sales – **still struggling**.....Affected by the Covid infection rate rise.

Friday

UK Retail sales – a **rebound from last month's poor data**.

EU Core CPI – **unchanged would be nice**. A pick-up would **not** be welcome.

US UoM Consumer sentiment – A **modest rebound** expected following a **torrid couple of months**.