

## VACCINATION PROGRAMMES HELP TO FEED THE POSITIVE NARRATIVE FOR EQUITY MARKETS

This week we have seen more positive effects of the global vaccination programme. Progress has been patchy so far. While Israel, Bhutan and the Seychelles can all boast of vaccination rates of 60 per cent or more, so far only 10 countries have given at least one dose to more than 30 per cent of adults, while the average rate for the major European economies is around 15 per cent. The rate for Japan is just 0.8 per cent. Still the acceleration of vaccination programs and the potential for restrictions to be eased or lifted have prompted the IMF to upgrade its forecast of economic growth. It also expects the damage done from the Covid-19 pandemic to be much shorter lived than that seen after the financial crisis.

The positive outlook has prompted JPMorgan Chase chief executive Jamie Dimon to speculate that the US might be about to enter a 'Goldilocks moment' with strong growth supported by inflation and interest rates running neither too hot, nor too cold. Equity markets have clearly bought into this narrative as we continue to see many indices post record all-time highs.

### THE MARKETS THIS WEEK

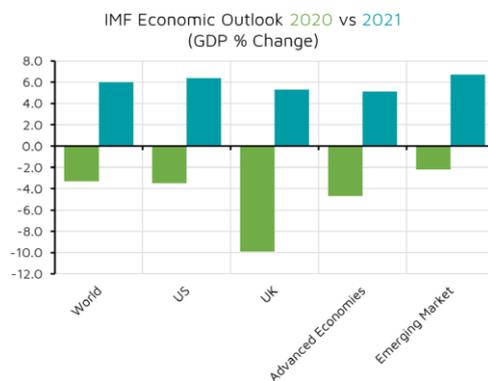
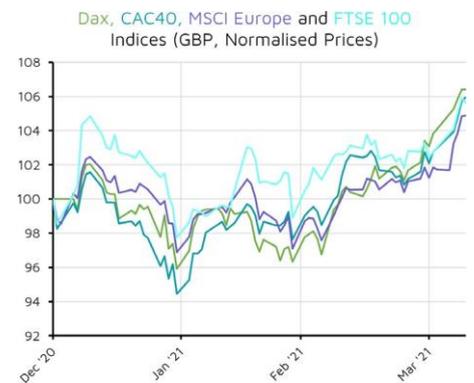
FTSE 100	S&P 500	Nikkei 225	Euro Stoxx 50	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Wheat	GBP USD
+3.09%	+3.13%	-0.29%	+1.54%	+0.42%	-0.06%	-0.02%	-2.77%	+1.23%	+3.31%	-0.86%



#### EUROPE: EQUITIES HIT RECORD HIGHS AS ECB WARNS ABOUT SLOW VACCINE ROLL-OUT

Despite the EU's faltering vaccination programme European equities have continued to rise strongly. This week both the MSCI Europe and Euro Stoxx indices hit record highs as European equities exceeded their pre-pandemic levels. The prospect of post-Covid recovery has seen value sectors, such as banks and energy producers, perform particularly well in 2021.

The gains in equity markets come despite the continued delays in Europe's Covid-19 vaccination programme. The EU continues to lag the US and UK in the number of people vaccinated. In the UK 48 per cent of adults and 34 per cent of US adults have received at least one dose of vaccine. The figure for Germany, Spain and France is 15 per cent. This has led the ECB to raise some concerns about the delay to recovery. The EU's current target is for all adults to be offered a vaccine by the end of the summer and the ECB cautioned that recovery may be delayed until the third quarter of the year.



#### GLOBAL: OUTLOOK FOR GLOBAL GROWTH IMPROVES

The progress of Covid-19 vaccination programmes around the world has prompted a revision in economic forecasts for this year and next. The International Monetary Fund has upgraded its forecast for global GDP growth from 5.5 to 6 per cent in 2021 and has slightly increased its forecast for 2022. The OECD also recently upgraded its forecasts. The IMF predicted the economic damage done by the coronavirus would be repaired far quicker than in previous global economic crises. However, the IMF has warned that economic scarring in emerging markets would take longer to overcome.

The biggest revisions have been to the US and Canada. Jamie Dimon, JPMorgan Chase chief executive, said the US could be in for 'Goldilocks moment' with fast growth, gently rising inflation (but not too much) and increasing interest rates (but not too much). The outlook for the UK has been increased to 5.3 per cent for 2021 in line with the average for developed economies.



#### UK: PICK UP IN HIRING AS COUNTRY GEARS UP FOR RE-OPENING

Hiring increased sharply in March as businesses prepares for the lifting of Covid-19 restrictions. Permanent placements increased at their fastest rate in 6 years, according to the latest report from KPMG and the Recruitment & Employment Federation. It also reports a large increase in the number of temporary roles. The latest data from the Office for National Statistics, which shows data up to February, also shows employment improving with more job vacancies, fewer people on furlough and the unemployment rate beginning to stabilise.

Recruitment company Page Group reported it is benefitting from companies starting to hire again. This week it said first quarter profits were up 2 per cent compared to 2020, although still down around 10 per cent compared to 2019, as it sees month by month improvement. It reports strongest growth has come from Asia, although the UK and US are currently lagging. Shares in Page Group jumped 10 per cent on the announcement and other listed recruitment firms are beginning to benefit from the improved outlook.

