

Global market commentary

Week 16 – Week ending
16th April 2021



EQUITY	LEVEL VALUE	WTD % CHANGE	BONDS	LEVEL VALUE	WTD REAL ESTATE & % CHANGE	COMMODITIES	LEVEL VALUE	WTD % CHANGE	
MSCI World Index	2,953.35	▲	1.49% Bloomberg Bar Glb Agg USD	540.58	▲	0.58% Global Property	5,969.65	▲	2.24%
S&P 500	4,185.47	▲	1.37% Bloomberg Bar Glb High Yield USD	1523.76	▲	0.63% Gold	1,776.51	▲	1.87%
MSCI Eur xUK	176.55	▲	1.15% Bloomberg Bar Glb Credit USD	292.55	▲	0.23% Oil	63.13	▲	6.42%
FTSE 100	7,019.53	▲	1.50% JPM EMBI Index USD	973.10	▲	1.44% Commodities	488.72	▲	3.73%

Highlights

- The MSCI World climbed for a fourth successive week (+1.5%).
- Positive economic data, including strong China GDP growth, boosted investor sentiment.
- The US corporate earnings reporting season began. Financials stocks were among the first to report and broadly beat analyst expectations.
- US President Biden implemented new widespread sanctions against Russia in reaction to alleged cyber-attacks and attempted election interference.
- Concerns of a rise in infections linked to new coronavirus variant strains remained in investors' thoughts.



Market summary

U.S.: The S&P 500 ended the week at a new record high. Volatility subsided for a fourth-successive week. The corporate earnings reporting season began, with the majority of stocks beating sales and earnings estimates. This included major financials stocks. Retail sales grew 9.8% MoM in an advance March reading; ahead of 5.9% expectations and a sharp contrast to February's 2.7% decline. This was the largest increase since May 2020, driven by increased sales at food service venues. Initial jobless claims unexpectedly dropped to 576k – the lowest since the start of the pandemic. In contrast, the latest industrial production (1.4% MoM) and the University of Michigan sentiment index (86.5) disappointed.

Continental Europe: The MSCI Europe ex UK index edged 1.2% higher. Consumer discretionary stocks performed well whereas utilities stocks edged lower. The corporate earnings reporting season also began this week. In economic data, eurozone retail sales rose 3.0% MoM in February, beating 1.5% estimates. In contrast, eurozone industrial production declined 1.0% MoM – the largest decline since April's record

contraction (-18.6%). This came as many countries across Europe remained under strict coronavirus restrictions.

UK: The FTSE 100 moved back above 7,000 for the first time since February 2020 after a 1.5% return. Strong performance from financials and basic materials stocks boosted the index. Domestically, the economy returned to growth in February, with a 0.4% MoM expansion. This was driven by a partial rebound in trade with the European Union and a sharp contrast to the 2.2% contraction in January. Meanwhile, both industrial (1.0% MoM) and manufacturing production (1.3% MoM) positively surprised in February data.

Japan: Japanese stocks eked out a modest gain for the week, with the TOPIX closing the period up 0.1% in thin trading as investors wait for the local reporting season to begin later this month. Stocks benefited from strong Chinese growth and encouraging US and European earnings; though this was largely offset by ongoing concerns over a domestic resurgence in the number of new coronavirus infections and the slow pace of the vaccine rollout. Sentiment was further impacted by a stronger yen and news machinery orders unexpectedly fell 8.5% in February; the largest decline since the 10.2% fall recorded in April last year.

Asia Pacific: Asian share markets performed well for the week, with the MSCI Asia Pacific ex Japan Index closing the

period 1.2% higher. Stocks benefited from news China's economy expanded a record 18.3% in the first quarter from a year earlier as well as a series of better-than-expected US and European earnings results. Gains were limited by ongoing US-China tensions after Beijing criticized Washington for sending a delegation to Taiwan for talks with senior Taiwanese officials. Share markets rose in South Korea, Taiwan, Hong Kong and Indonesia but fell in China and Thailand. In Australia, the All Ordinaries Index rose 1.0% amid good gains across the technology sector and news the country's unemployment rate fell to 5.6% in March. This was down on the 5.8% recorded in February and better than the 5.7% the market had anticipated.

Emerging Markets (EM): The MSCI Emerging Index increased 0.7%. In China, the economy grew at a record pace of 18.3% YoY in the first quarter this year, only slightly missing forecasts for a 19.0% expansion. This is in stark contrast to the contraction that occurred a year earlier owing to the coronavirus restrictions. Meanwhile, the unemployment rate lowered to 5.3% in March and retail sales (34.2% YoY) rose better than expected. However, industrial production moderated to 14.1% YoY in March, after rising 35.1% in the previous month. Exports also slowed down to 30.6% YoY, but imports rose 38.1%. In Russia, the US imposed further sanctions on the country, targeting areas such as Russia's sovereign debt market capabilities. This is in direct response to Russia's foreign intelligence service's (SVR) involvement in the SolarWinds hack, which impacted several US agencies and 100 companies. After this announcement, Russia expelled ten US diplomats and restricted what other working US citizens can do in Russia. In economic news, Russia's industrial production rose 1.1% YoY in March, the firstly monthly expansion this year. In Turkey, new central bank chair Sahap Kavcioglu, kept rates unchanged at 19.0% and reiterated a commitment to reduce inflation. This comes as February's unemployment rate ticked upwards to 13.4% and industrial production slowed down to 8.8% YoY. However, retail sales

expanded by 4.6% YoY in February. Elsewhere, India's industrial (-3.6% YoY) and manufacturing (-3.7% YoY) production declined in February. The latest inflation rate climbed to 5.52% YoY in March whilst foreign exchange reserves rose to \$581.2 billion.

Fixed Income: The Bloomberg Barclays Global Aggregate index increased 0.6%. In the US, the Treasury successfully extended its longer-dated debt supply across 3-, 10- and 30-years. Meanwhile, Federal Reserve (Fed) Chair Jerome Powell advised that the Fed would likely taper its bond buying programme first, before considering raising interest rates. Over the week, the benchmark 10-year Treasury yield decreased eight basis points (bps) to 1.58%. Across the pond, a special consultation with eurozone citizens and professional groups, indicated that if the European Central Bank (ECB) were to introduce a digital currency, it would need to ensure that users' payments cannot be tracked and remain "a private matter". Fabio Panetta, who is an ECB executive board member, explained that this form of currency could be ready for launch in five years. The UK 10-year gilt yield decreased by a single basis point to 0.76%, whilst the German 10-year bund increased four bps to 0.26%. The Barclays Global Credit index edged higher by 0.2% and the Barclays Global High Yield index rose 0.6%. New corporate issuance was stronger this week, with one notable deal coming from United Airlines, which issued some \$9.0 billion worth of debt in order to help pay back some of the emergency taxpayer money it needed at the height of the Covid-19 pandemic. In EM debt, the JPM EMBI index climbed 1.4%.

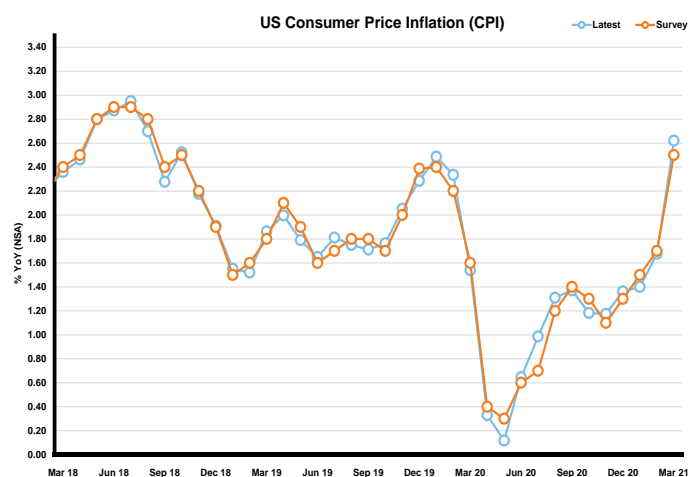
Commodities: Commodities increased 3.7%. Oil surged 6.4%. Most of this gain came on Wednesday, as the International Energy Agency boosted its 2021 demand outlook by 230,000 barrels a day. Gold climbed 1.9%. Copper gained 3.2%.



Charts of the week

US Inflation Ahead of Expectations

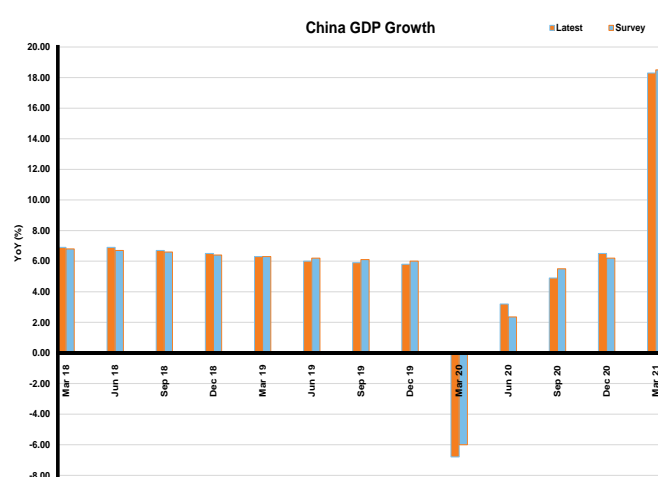
US consumer price inflation increased 2.6% YoY in March. This was ahead of expectations and the highest figure since August 2018. An increase in energy prices pushed the figure higher. Core CPI rose 1.6% YoY.



Data source: Bloomberg as at 16/04/21

Record China GDP Growth

China recorded 18.3% YoY GDP growth in the first quarter. Despite the record figure, boosted by manufacturing, it was below analyst expectations. The economy grew 0.6% on a quarter-on-quarter basis.



Data source: Bloomberg as at 16/04/21

Market Data – Base Currencies

EQUITY	Value Fri, 16-Apr-21	WTD % CHANGE	MTD % CHANGE	YTD % CHANGE	12M % CHANGE
MSCI World Index	2,953.35	1.49%	5.04%	9.79%	50.35%
S&P 500	4,185.47	1.37%	5.35%	11.43%	49.51%
Russell 1000	2,360.09	1.48%	5.45%	11.28%	53.94%
FTSE 100	7,019.53	1.50%	4.56%	8.65%	24.72%
MSCI Europe xUK	176.55	1.15%	3.00%	10.54%	38.11%
DAX	15,459.75	1.48%	3.01%	12.69%	50.07%
Topix	1,960.87	0.07%	0.35%	8.65%	37.87%
MSCI APAC xJP	695.84	1.21%	2.69%	5.09%	51.66%
Hang Seng Index	28,969.71	0.94%	2.08%	6.38%	20.67%
MSCI Emerging	1,348.69	0.73%	2.45%	4.45%	52.42%
Australia All Ordinaries	7,325.77	1.01%	4.40%	6.94%	33.99%
S&P/TSX Composite Index	19,351.32	0.64%	3.48%	11.00%	39.22%
BONDS (10YR, Yield in %)	16-Apr-21	9-Apr-21	31-Mar-21	31-Dec-20	16-Apr-20
US	1.58	1.66	1.74	0.91	0.63
UK	0.76	0.77	0.85	0.20	0.30
Germany	-0.26	-0.30	-0.29	-0.57	-0.47
Japan	0.09	0.11	0.10	0.02	0.02
FIXED INCOME	16-Apr-21	WTD % CHANGE	MTD % CHANGE	YTD % CHANGE	12M % CHANGE
Bloomberg Barclays Glb Agg USD	540.58	0.58%	1.27%	-3.25%	4.97%
Bloomberg Barclays Glb Agg Hedged USD	586.05	0.17%	0.44%	-2.04%	0.81%
Bloomberg Barclays Glb High Yield USD	1,523.76	0.63%	1.62%	0.65%	21.23%
Bloomberg Barclays Glb Credit USD	292.55	0.23%	0.75%	-2.35%	5.33%
Bloomberg Barclays US Agg Corporate USD	298.33	0.49%	1.35%	-2.95%	9.03%
Bloomberg Barclays US Agg TR USD	2,330.78	0.35%	0.84%	-2.56%	-0.22%
Bloomberg Barclays US Corp High Yield USD	2,379.36	0.20%	0.91%	1.77%	18.53%
Bloomberg Barclays European Agg EUR	269.59	-0.16%	-0.20%	-2.09%	2.88%
Bloomberg Barclays European Agg Corp EUR	264.86	-0.05%	0.18%	-0.51%	6.57%
Bloomberg Barclays Pan European High Yield EUR	431.11	0.15%	0.44%	2.60%	16.38%
JPM EMBI Index USD	973.10	1.44%	2.43%	-2.22%	16.46%
JPM GBI-EM Index USD	308.52	1.25%	2.54%	-4.31%	13.96%
COMMODITIES	16-Apr-21	WTD % CHANGE	MTD % CHANGE	YTD % CHANGE	12M % CHANGE
Global Property	5,969.65	2.24%	4.85%	11.26%	39.81%
Gold	1,776.51	1.87%	4.03%	-6.42%	3.42%
West Texas Intermediate Oil	63.13	6.42%	6.71%	29.66%	79.04%
Commodities	488.72	3.73%	4.56%	19.36%	80.57%
ECONOMIC & MARKET INDICATORS	16-Apr-21	9-Apr-21	31-Mar-21	31-Dec-20	16-Apr-20
BBA Libor USD 3M	0.19%	0.19%	0.19%	0.24%	1.14%
BBA Libor GBP 3M	0.08%	0.09%	0.09%	0.03%	0.67%
BBA Libor EUR 3M	-0.54%	-0.54%	-0.55%	-0.57%	-0.19%
Fed Policy Rate	0.25%	0.25%	0.25%	0.25%	0.25%
BOE Policy Rate	0.10%	0.10%	0.10%	0.10%	0.10%
ECB Policy Rates	0.00%	0.00%	0.00%	0.00%	0.00%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 16th April 2021. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 16th April 2021. Generic Government Bonds, 10Y yield in % shown. Fixed Income indices in USD, Total Return, and Hedged BBA Libor and policy rates in percent. Currently data shows spot exchange rates. Global Property shows FTSE EPRA/NA REIT Dev TR USD. Gold in \$/Oz. Oil WTI \$. Commodities show S&P GS Commodity Index, USD.

Equity Indices Fundamentals

Index	16.Apr.21	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
MSCI World	2,953.35	84.83	137.52	10.22%	34.82	18.08	8.02%	11.63%
S&P 500	4,185.47	127.90	176.37	12.50%	32.72	18.13	11.04%	14.08%
Russell 1000	2,360.09	69.04	96.65	12.50%	34.18	18.47	10.20%	13.41%
FTSE 100	7,019.53	73.23	482.69	9.14%	95.85	21.76	3.23%	11.29%
MSCI Europe xUK	176.55	4.21	9.17	8.40%	41.90	18.85	5.71%	9.89%
DAX	15,459.75	307.58	923.17	8.45%	50.26	17.00	4.56%	10.15%
Topix	1,960.87	63.89	117.21	7.10%	30.69	17.72	4.65%	7.26%
MSCI APAC xJP	695.84	28.19	40.44	7.36%	24.68	13.86	8.29%	12.44%
Hang Seng	28,969.71	1,930.11	2,211.89	10.54%	15.01	11.20	9.00%	13.02%
MSCI Emerging Markets	1,348.69	62.16	88.04	7.11%	21.70	13.12	9.12%	12.43%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 16th April 2021. Returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD). Trailing 12-month Earnings per share (EPS): Market convention index earnings calculated by summing up the equity member EPS contributions for the last 12 months multiplied by the #shares and then divided by the index divisor sum. Expected current year EPS: index general estimated earnings for the current fiscal year based on the best estimates for each member. EPS LT growth rate: The estimated index long term growth rate of EPS is a weighted average of the underlying members estimated long term growth forecasts during the next business cycle, normally 3-5 years, computed by summing all members' growth EPS forecasts multiplied by their respective index weight, and implementation. Price-to-Earnings (P/E): Index estimated P/E Current Year, calculated as Last Price divided by estimated earnings full one year. Return-on-Equity: Index estimated measure for constituents' profitability revealing how much profit a company generates with the money shareholders have invested, in percentage.

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MCI-02275-2020-12-23/January 2022