

Weekly Market Update

Investor sentiment was very weak, following a surprise increase in the US inflation figures for April 2021. Worries that a pick up in inflation would lead to higher interest rates weighed on markets across the world. Chinese stocks however, rose during the week.



US: Inflation worries drag stocks down from record highs

The S&P 500 fell 1.4%. Core inflation, measured by the consumer price index (CPI), rose 4.2% over the 12 months to April 2021, which was well above expectations and therefore sparked investors' worries that the economy was beginning to overheat.



Japan: Volatile week amid inflation and rising Covid-19 cases

The Nikkei 225 fell 4.5%. Japan's stock markets registered sizable losses following the sharp rise in the US inflation numbers. Accelerating coronavirus infection rates and the extension of the state of emergency to more regions also dampened sentiment.



Asia: Chinese stocks rise strongly

In China, the CSI 300 rose 2.2%. Chinese stocks rose strongly for the week. On the economic front, auto sales increased yet again. China's CPI (inflation) rose less than expected due to lower food prices.



Europe: Economic growth forecasts revised upwards

The Euro Stoxx 50 fell 0.4%, amid signs of accelerating inflation. The European Commission revised its economic growth forecast for the bloc, prompted by rising vaccination rates, the prospect of lockdowns easing, and improving export demand.



UK: Economy expands in March; BoE says inflation is a blip

The FTSE 100 fell 1.2% as the Pound strengthened. The economy grew more than expected in March, helping reduce the rate at which it contracted in the first quarter. The Bank of England said it is watching inflation carefully but believes it to be temporary.

To hear more about these topics, please download the latest episode of [The Monday Investment Club](#) podcast.

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