

Weekly Market Update

Global stock markets rise for a second week, led by Covid-19 trends, vaccine optimism and positive sentiment. Whilst the UK economy shrank 9.9% in 2020, this was slightly better than had been expected. A strong economic recovery is expected in the second half of 2021.



Stock markets deliver positive returns in the week

Another positive week for markets – most global indices were up during the week. Improving infection rates, continued rollout of vaccination campaign and general improving sentiments influenced markets last week.



Lockdowns persist across the globe

Despite a reduction in new infections, many countries around the world continue their lockdowns. Much of Japan is in state of emergency, China has travel restrictions in place and Germany has closed some of its borders.



Earnings to recover strongly but valuation concerns persist

Analysts expect earnings for the S&P 500 to have grown slightly on a year-on-year basis, an exceptionally quick earnings recovery compared with past recessions. On the flip side, there continues to be concern on high valuations in the US.



UK economy shrinks 9.9%; BoE expects recovery in H2

The British economy shrank by 9.9% in 2020 – the most since 1709, though the figure was slightly better than expected. The Bank of England expects a sharp economic contraction in the first quarter of 2021 followed by a sharp recovery around midyear.



The Week Ahead

- In the UK, inflation figures and January retail sales are announced
- In the US, focus will be on retail sales, manufacturing, and jobless claims figures
- In Europe, we expect GDP estimates, inflation, and consumer confidence figures

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

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