

WEEKLY MARKET UPDATE / OVERVIEW FOR THE WEEK STARTING 26 APRIL 2021

Major upcoming global economic releases and events

DATE	DATA/EVENT	PREVIOUS	CONSENSUS
26-Apr-21	US durable goods orders m/m (Mar)	-1.1%	2.5%
28-Apr-21	Australia RBA trimmed mean CPI y/y (Q1)	1.2%	1.2%
29-Apr-21	US GDP growth q/q (Q1)	1.9%	6.5%
29-Apr-21	US core PCE prices q/q (Q1)	1.3%	2.4%
30-Apr-21	Australia private sector credit y/y (Mar)	1.6%	NA
30-Apr-21	Europe GDP growth q/q (Q1)	-0.7%	-0.8%
23-Apr-21	Europe core inflation rate y/y (Apr)	0.9%	0.9%

Source: Bloomberg, UBS Global Research, Tradingeconomics.com

What to watch this week



Australia

Domestic data has been extremely strong over the last few months, with the labour market a clear standout. Consumer and business confidence are both also elevated and last week saw retail sales also outperform in March.

The focus on last week's RBA meeting minutes was somewhat diminished by the strong data releases in the two weeks since the meeting. The overall tone was positive, even before recent upside data surprises, and the RBA expects the economy to be back above pre-pandemic levels when the Q1 GDP result is published. From here, rates are expected to remain on hold for a prolonged period, however decisions will need to be made on the 3-year bond yield target and on a potential expansion of QE purchases in the coming months. Ongoing data outperformance may result in a subtle shift in tone over time.

Inflation data is the domestic highlight in the week ahead. Base effects are likely to see both core and headline measures spike higher in Q1. Private sector credit is the other data release of note.



US

Data was largely positive last week, with new home sales materially higher than expected in March, weekly unemployment claims beating consensus and the PMI number also outperforming. Existing home sales was the one weak spot, declining close to 4% in March.

The Fed meets this week and is not expected to make any policy changes. The US economy is showing signs of picking up but while the labour market has been strong, it is yet to recover to pre-Covid levels. The resulting labour market slack is one factor helping drive a view that the current spike in inflation will be temporary, meaning that central bankers are likely to hold off from tightening monetary policy in the near-term.

In addition to the Fed meeting there are also a number of significant data releases this week. Q1 GDP and PCE inflation numbers are the highlights and we will also get consumer confidence, durable goods orders and house price data.



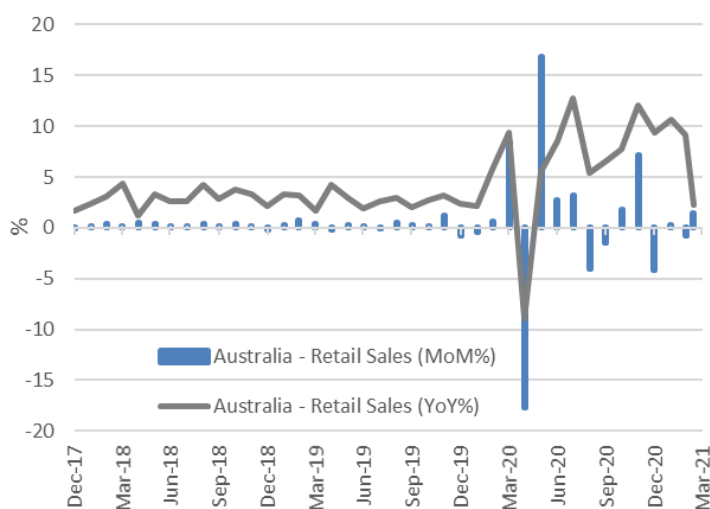
Europe

UK Labour market data surprised to the upside last week with the unemployment rate dipping from 5% to 4.9%, outperforming expectations of a rise to 5.1%. Inflation moved higher in March, as expected, retail sales was a big outperformer, but consumer confidence surprisingly declined in March. PMIs edged higher in both the UK and Europe, a little above consensus, while European consumer confidence was also stronger than expected.

The European Central Bank (ECB) met last week and left all policy settings unchanged, as expected. Like most global counterparts, the ECB is cautiously observing the early signs of economic recovery but is not yet prepared to even start talking about removing the support measures enacted in the wake of the pandemic.

A busy week ahead in Europe sees GDP, inflation, labour data and economic sentiment all published. There are no major data points due in the UK this week.

Chart of the week—Australian retail sales



Australian retail sales showed a solid gain in March, according to the preliminary number published last week. The 1.4% rise was higher than analyst expectations, which were focussed around 1%. The annual number dropped sharply from 9.1% to 2.3% but should be considered in the context of the strong gains registered in March last year, when consumers were stockpiling supermarket items. Those numbers are now rolling out of the annual picture.

The pandemic is still impacting the data in other ways, with Victoria and Western Australia strongest this month, as they recovered from brief lockdowns, while Queensland was in negative territory as a result of the 3-day lockdown there.

Looking ahead, the environment is clearly positive for retail. Labour market strength, high savings levels, strong consumer sentiment and emerging wealth effects from house price rises are all supportive of retail spending.

Source: ABS

Financial market movements

INDICATOR	AS AT 23-APR-21	1 WEEK CHANGE	1 YEAR CHANGE	3 YEAR CHANGE (ANNUALISED)	5 YEAR CHANGE (ANNUALISED)
EQUITIES					
S&P/ASX 200 Accum. Index	79,638.86	-0.04	38.42	10.12	10.52
US S&P 500 TR [^] Index	8,674.80	-0.11	49.83	18.38	17.12
Europe STOXX TR Index	908.98	-0.35	45.71	6.77	8.47
UK FTSE 100 TR Index	6,714.56	-1.09	24.71	1.68	6.10
Japan TOPIX TR Index	2,840.62	-2.34	37.08	4.67	8.64
MSCI World ex-Australia TR Index	6,640.50	-0.35	46.47	14.12	13.85
FIXED INCOME					
	%	BP	BP	BP	BP
Australian 90-day bank bill yield	0.04	-0.17	-7.93	-67.94	-45.02
Australian 10-year bond yield	1.74	-	85.80	-37.81	-18.02
US 90-day bank bill yield	0.01	0.31	-1.01	-59.54	-4.05
US 10-year bond yield	1.56	-2.21	95.62	-47.48	-6.61
UK 10-year bond yield	0.74	-2.00	45.20	-26.57	-17.18
German 10-year bond yield	-0.26	0.50	16.70	-29.86	-9.78
COMMODITIES					
		%	%	%	%
Gold	1,777.20	0.04	2.70	10.29	7.59
Oil—West Texas Crude	62.14	-1.57	276.61	-3.26	7.28
Iron Ore Spot Price Index	178.54	2.54	113.23	39.50	24.42
CURRENCIES					
		%	%	%	%
AUD:USD	0.77	0.06	21.49	0.58	0.08
EUR:USD	1.21	0.95	12.25	-0.31	1.51
GBP:USD	1.39	0.32	12.41	-0.15	-0.74
USD:JPY	107.88	-0.85	0.26	-0.26	-0.71
NZD:USD	0.72	0.80	19.82	0.24	0.99
CHF:USD	1.09	0.68	6.82	2.30	1.38
AUD:EUR	0.64	-0.77	8.36	0.93	-1.38
AUD:GBP	0.56	-0.15	8.21	0.78	0.87
AUD:JPY	83.56	-0.70	21.91	0.36	-0.61

*BP = Basis Point, Source: Bloomberg; [^]TR = Total return

IMPORTANT NOTE

This document has been prepared by Crestone Wealth Management Limited (ABN 50 005 311 937, AFS Licence No. 231127) (Crestone Wealth Management). The information contained in this document is of a general nature and is provided for information purposes only. It is not intended to constitute advice, nor to influence a person in making a decision in relation to any financial product. To the extent that advice is provided in this document, it is general advice only and has been prepared without taking into account your objectives, financial situation or needs (your **Personal Circumstances**). Before acting on any such general advice, we recommend that you obtain professional advice and consider the appropriateness of the advice having regard to your Personal Circumstances. If the advice relates to the acquisition, or possible acquisition of a financial product, you should obtain and consider a Product Disclosure Statement (PDS) or other disclosure document relating to the financial product before making any decision about whether to acquire it.

Although the information and opinions contained in this document are based on sources we believe to be reliable, to the extent permitted by law, Crestone Wealth Management and its associated entities do not warrant, represent or guarantee, expressly or impliedly, that the information contained in this document is accurate, complete, reliable or current. The information is subject to change without notice and we are under no obligation to update it. Past performance is not a reliable indicator of future performance. If you intend to rely on the information, you should independently verify and assess the accuracy and completeness and obtain professional advice regarding its suitability for your Personal Circumstances.

Crestone Wealth Management, its associated entities, and any of its or their officers, employees and agents (Crestone Group) may receive commissions and distribution fees relating to any financial products referred to in this document. The Crestone Group may also hold, or have held, interests in any such financial products and may at any time make purchases or sales in them as principal or agent. The Crestone Group may have, or may have had in the past, a relationship with the issuers of financial products referred to in this document. To the extent possible, the Crestone Group accepts no liability for any loss or damage relating to any use or reliance on the information in this document.

This document has been authorised for distribution in Australia only. It is intended for the use of Crestone Wealth Management clients and may not be distributed or reproduced without consent.

© Crestone Wealth Management Limited 2021.