

# The Weekly Snapshot

12 April

## ANZ Investments brings you a brief snapshot of the week in markets

International equity markets continued their good showing last week, with several indices trading to new all-time highs. In the US, the S&P 500 recorded its third-straight weekly win, trading above 4,100. Meanwhile, in Europe, the Euro Stoxx hit its highest level in more than a decade, finishing the week up around 1%.

New Zealand equities managed to halt their recent sell-off, with the NZX 50 finishing the week up around 1%, while Australian markets continued to outperform New Zealand markets, with the ASX 200 gaining nearly 2.5%.

### What's happening in markets

After a volatile few weeks, especially in the bond market, it was a relatively quiet week in markets with bond yields drifting slightly lower off recent multi-month highs.

The slowdown in markets saw the VIX Index – a measure of market volatility – trade to its lowest level since February 2020. Furthermore, trading volume in the US continued to decline, falling to its lowest level of the year.

The easing of bond yields came as Federal Reserve Chair reiterated his dovish monetary policy stance. Speaking at an International Monetary Fund event, Powell said the likely surge in consumer spending and improvements in supply chains as the economy reopens would be short-lived and would not represent long-run inflation.

Powell's comments came a day after minutes from the March Federal Reserve meeting showed policymakers were still concerned about the recovery in the labour market. Underpinning these concerns was data that showed weekly jobless claims rose 16,000 to 744,000 – well above market consensus.

In other central bank news, the Reserve Bank of Australia left interest rates and policy settings unchanged on Tuesday. The central bank reiterated its accommodative stance saying the requirement for a change in the cash rate won't be met until 2024 "at the earliest". In addition, the RBA added it is "prepared to undertake further bond purchases if doing so would assist with progress towards the goals of full employment and inflation".

In New Zealand, the ANZ Business Confidence reaffirmed the consensus that inflation is on the way, with pricing expectations at a new high.

Also in New Zealand, the government announced that a travel bubble between New Zealand and Australia would begin on 19 April, a relief for the still-struggling tourism sector.

### What's on the calendar

It's a busy week down under with the Reserve Bank of New Zealand set to meet on Wednesday, where most expect the central bank to leave interest rates unchanged.

The recent legislation, which prohibits property investors from writing off interest payments appears to have had a cooling effect on the housing market, leaving the central bank plenty of room to maintain its heavily accommodative bias. Furthermore, the recent decline in the New Zealand dollar would have also eased some concerns.

We will be watching how the central bank balances the seemingly softening of domestic economic data, but an improving global economic outlook.

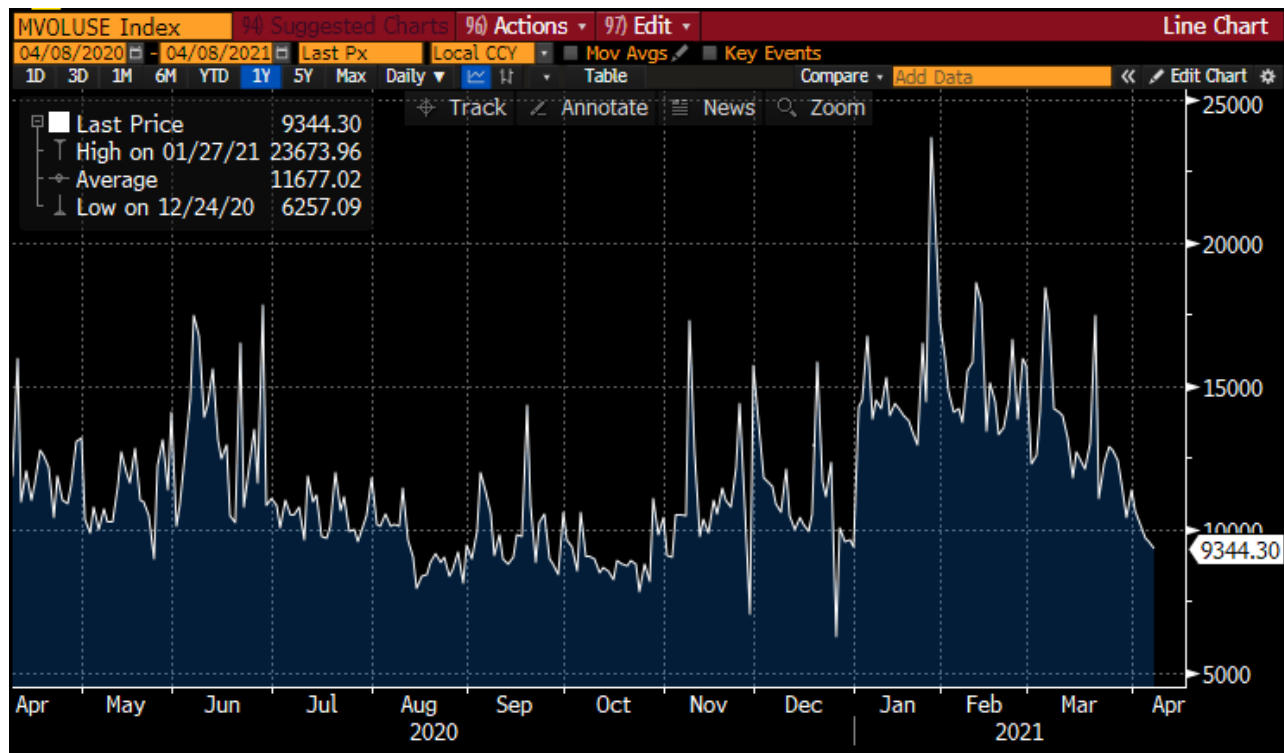
In the US, there are some key economic data that could reaffirm the strength of the recovery in the economy. Of note, small business sentiment and retail sales – if surprise to the upside – could see further upgrades to growth forecasts. Additionally, with inflation continuing to be a bellwether for markets, March CPI figures will be closely watched.

Finally, in Australia, employment figures for March will indicate whether February's strong rebound was the beginning of a return to pre-COVID levels or an anomaly. After adding nearly 90,000 jobs in February, the consensus is for another ~20,000 jobs added to the economy.

## Chart of the week

The rise in trading volume has been attributed to, at least in part, the rise of day-trading and zero-cost trading platforms. As you can see from below, volumes spiked around the time of the short-squeeze in GameStop and other “meme” and internet-trending stocks.

Now, with weather improving and restrictions being lifted in the US, will trading volumes continue to fall? And what does it mean for the likes of GameStop, which still trades at a seemingly absurd price?



## Here's what we're reading

“When we invented non-fungible tokens, we were trying to protect artists. But tech-world opportunism has struck again” - <https://www.theatlantic.com/ideas/archive/2021/04/nfts-werent-supposed-end-like/618488/>

The pandemic has resulted in a shortage of supply for various goods... including oat milk - <https://edition.cnn.com/2021/04/06/business/starbucks-oat-milk-shortage/index.html>

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