

THE WEEK THAT WAS: WEEK 18 – ending 30th April 2021

“Do not fear mistakes. There are none.” Miles Davis

Domestic Irish News

The Central Statistics Office reported a 1.9% decline in retail sales over March.

Due to the impact of lockdown restrictions, retail sales declined 1.9% in March, after an 18.3% increase in February. Despite this, sales are still up 8.5% compared with the initial onset of Covid-19 related lockdowns in March last year.

Global Share Markets

Global equity markets fell over the week, but are up 8.60% year-to-date.

Strong quarterly earnings reports and positive economic data was overshadowed by further news on the Biden administration's American Families Plan. Investors grew wary over a rise in capital gains tax, which contributed to a sell-off in US stocks.

The Story of the Week

The battle of the caterpillars

A favourite children's cake is in the news this week, as Marks & Spencer's sues Aldi for ripping off its 'Colin the Caterpillar' cake. Aldi's rival, 'Cuthbert the Caterpillar', is the subject of a lawsuit over copyright infringement. Cuthbert has been withdrawn, but Colin continues to be seen on the shelves of M&S – and was also spotted this week in a Scottish fish-and-chip shop, having been deep fried.

Responsible Investing

According to the Financial Times, capital flows into European ESG index funds have exceeded all others.

The FT reported that, over the first quarter of 2021, capital inflows into European ESG exchange traded funds (ETF) exceeded those of all other ETFs for the first time. The US, however, continues to lag Europe in its take-up of sustainable investing. Though, it does appear to be growing in popularity.

US Capital Gains Tax

Last week's fears over an increase in US capital gains tax are unlikely to have a lasting impact.

Though the announcement of an increase in capital gains contributed to a market sell-off over the past week, we believe this will not last over the long term. The proposed increase in taxes still needs to pass 'the house', and may be altered before becoming law. If they are passed, history has shown that markets are generally resilient to these types of shocks.

European Central Bank (ECB)

Following its April meeting, the ECB announced, in line with market expectations, that monetary policy would be left unchanged.

The central bank confirmed that no changes would be made to its current 'accommodative' policy. Its main interest rate remains at 0%, while the Pandemic Emergency Purchase Programme will be held at €1.85 trillion until at least March of 2022.

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally and not in relation to its suitability to any specific person. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Index performances and market data

| Equity & Bond Markets (%) in Local Currency | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 YTD (3/5/21) |
|--|------|------|------|-------|------|-------|-------------------------|
| MSCI AC World (Gross TR) | 9.3 | 11.7 | 9.5 | -4.3 | 29.6 | 7.2 | 10.1 |
| ISEQ Overall Return | 33.6 | -2.7 | 9.5 | -20.8 | 33.6 | 4.2 | 10.5 |
| FTSE 100 TR | 4.6 | 2.0 | 8.2 | -9.6 | 23.5 | -16.2 | 9.3 |
| Euro Stoxx 50 TR | 7.3 | 4.7 | 10.0 | -11.2 | 29.3 | -2.6 | 13.7 |
| S&P 500 TR | 12.9 | 15.3 | 7.0 | 0.4 | 33.9 | 8.6 | 12.1 |
| Nasdaq Composite | 19.1 | 12.1 | 13.9 | 2.1 | 39.2 | 32.9 | 8.0 |
| Nikkei 225 | 23.2 | 8.8 | 10.3 | -3.2 | 24.1 | 14.2 | 5.7 |
| MSCI Emerging Markets | -4.9 | 14.9 | 21.0 | -9.9 | 21.1 | 8.9 | 5.1 |
| Eurozone Government Bonds 1–5 yr | 1.0 | 0.9 | -0.2 | 0.0 | 1.1 | 0.6 | -0.4 |

| Sovereign 10yr Bond Yields (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 YTD (3/5/21) |
|--------------------------------|------|------|------|------|------|------|-------------------------|
| U.S. | 2.3 | 2.5 | 2.4 | 2.7 | 1.9 | 0.9 | 1.6 |
| German | 0.6 | 0.2 | 0.5 | 0.2 | -0.2 | -0.6 | -0.2 |
| UK | 2.0 | 1.3 | 1.3 | 1.3 | 0.8 | 0.2 | 0.8 |
| Japan | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Ireland | 1.1 | 0.8 | 0.7 | 0.9 | 0.1 | -0.3 | 0.2 |
| Italy | 1.6 | 1.8 | 2.0 | 2.7 | 1.4 | 0.5 | 0.9 |
| Greece | 8.2 | 7.2 | 4.1 | 4.4 | 1.5 | 0.6 | 1.0 |
| Portugal | 2.5 | 3.8 | 1.9 | 1.7 | 0.4 | 0.0 | 0.5 |
| Spain | 1.8 | 1.3 | 1.5 | 1.4 | 0.5 | 0.0 | 0.4 |

| Central Bank Rates (%) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 (3/5/21) |
|------------------------|------|------|------|------|------|------|------------------|
| ECB | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bank of England | 0.5 | 0.3 | 0.3 | 0.8 | 0.8 | 0.1 | 0.1 |
| U.S. Federal Reserve | 0.5 | 0.8 | 1.5 | 2.5 | 1.8 | 1.8 | 0.3 |

| Foreign Exchange Rates | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 (3/5/21) |
|------------------------|------|------|------|------|------|------|------------------|
| Euro/Dollar (€/\$) | 1.1 | 1.1 | 1.2 | 1.1 | 1.1 | 1.2 | 1.2 |
| Euro/Sterling (€/£) | 0.7 | 0.9 | 0.9 | 0.9 | 0.8 | 0.9 | 0.9 |
| Sterling/Dollar (£/\$) | 1.5 | 1.2 | 1.4 | 1.3 | 1.3 | 1.4 | 1.4 |

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Sources: Factset / Bloomberg / Moneymate / MSCI

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