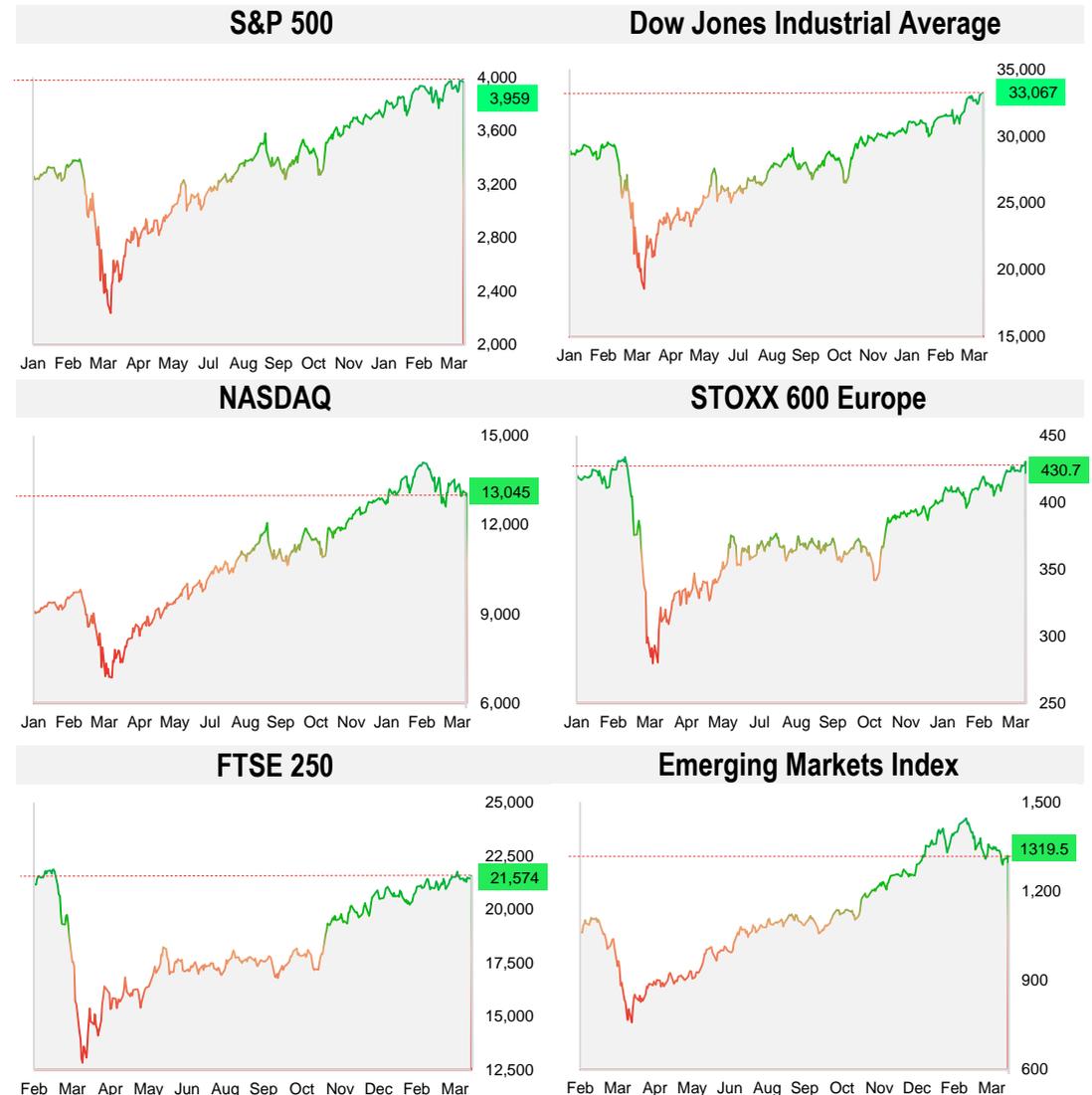


Global Market Watch

Global markets
Periodic
March 31, 2021

What's moving markets

- On 17-18 March meeting, US Federal Reserve (FED) maintained interest rates unchanged and signalled to keep near-zero interest rates until at least 2024. The policymakers also noted that despite a slight rebound in economic activity driven by vaccination rollout and massive fiscal stimulus “the Fed, will continue to provide the economy the support that it needs for as long as it takes”. Furthermore, 2021 economic growth of US was revised upwards to 6.5% from 4.2% projected in Dec-20.
- On the news, benchmark US 10 year treasury yield reversed its earlier rise (bond prices and yields move in opposite direction), falling to 1.62% on 24 March, however the trend reverted in the last days of March, with 10-year treasury yield trading at 1.73% by 30 March, 2021. In Europe, after pledging to accelerate its bond buying program in the beginning of March 2021, the ECB increased the weekly pace of its emergency bond-buying program from EUR 14bn in the week of March 17, to EUR 21.1bn, the highest level over the 3-months period. Upwards revision of US economic growth forecast from the FED positively affected European markets as well, however growing coronavirus restrictions and delayed vaccinations in European countries put downward pressure on stocks. STOXX 600 was up 1.8% during the 2-week period, bringing the monthly growth to 6.3%. Much of the gains were driven by banks, as rising market interest rates improved the outlook for banks’ profit margins.
- On the back of distribution of massive US\$ 1.9tn fiscal stimulus to Americans, record amount of c. US\$ 170bn was invested in global equities in March 2021, the surge in investments was most noticeable in US stocks. Technology stocks remain to be out of favor for investors, while energy stocks traded in green, fuelled by jam in Suez Canal and related rally in energy prices. Overall, global equity remained mostly unchanged in the last 2 weeks of March, with S&P 500 down 0.3% (up 3.9% on a monthly basis), while Dow Jones was up 0.3% (up 6.9% on a monthly basis) in the same period. NASDAQ composite (technology companies) continued decline in the second half of March, down 3.1%.



Source: Bloomberg
Note: Data as of 30 March 2021

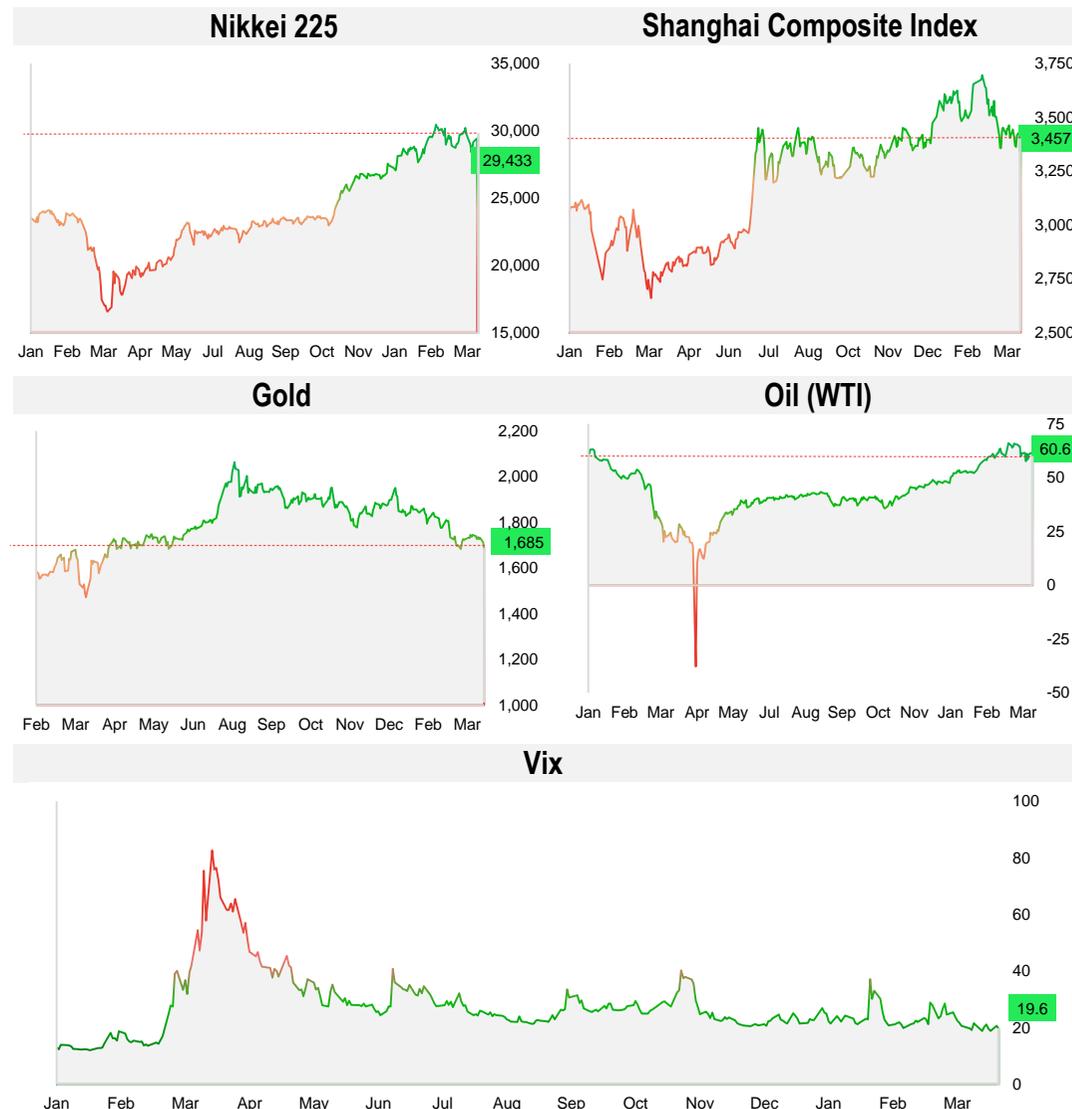
- In China, Chinese tech stocks (Alibaba, Tencent, Baidu) dropped on fears of possible delisting from US exchanges, after US Securities and Exchange Commission said they were taking steps to force foreign companies listed in New York to provide access to financial audits, which had been denied by Chinese companies in the past. China's Shanghai Composite Index was up 1.1% in the 2-week period, on a monthly basis the index was down 1.5%.
- In Japan, Bank of Japan announced about gradual move away from aggressive monetary stimulus to a more "sustainable" policy. The central bank maintained the policy rate unchanged (at -0.1%). Japan's Nikkei 225 index finished March 1.6% higher compared to Feb-21 level.

Commodities

- The International Energy Agency (IAE) - energy policy advisor to 29 member countries plus the European Commission – [said](#) in its recent update that oil demand isn't expected to return to 2019 level until 2023. Long-term demand on oil is shaped by various factors - on the one hand rising population and income increase demand from emerging and developing economies, on the other hand efficiency gains and the shift to electric vehicles lower demand from developed countries. After a rally in oil prices in the first half of March, oil prices retreated, down c. 7% on 18 March, the biggest weekly fall since October 2020. Oil prices finished the month at US\$ 63.6/barrel for Brent oil and US\$ 60.6/barrel for WTI. The uptake in oil prices was partially related to the block of Suez Canal, which accounts for c. 10% of global seaborne oil shipments.
- On the back of improved economic prospects, gold prices declined in March, trading at \$1,685 per troy ounce as of 30 March 2021.

Volatility

- Cboe Volatility Index, VIX, the gauge of fear in S&P market, declined in March, trading at 19.6 by 30 March.



Source: Bloomberg
Note: Data as of 30 March 2021

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Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Senior Analyst

Ana Nachkebia | ananachkebia@gt.ge

Address: 79 D. Aghmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge