

A positive outlook

The economic recovery is gathering momentum as the pandemic recedes and successful vaccination programmes continue to roll out on both sides of the Atlantic.

April saw the continuation of progress made in March, as a more settled month in the investment markets, with equities performing well and bonds showing stability and positive returns. The International Monetary Fund (IMF) increased its forecast for growth in 2021 to 6%, citing stimulus bills in richer countries helping economies bounce back from the Covid-19 pandemic¹. Equities in the US and UK performed well – no doubt helped by progress made in vaccination rollouts and their economies beginning to open up again.

US stimulus measures

The US experienced a stronger first quarter than experts predicted, with the banking sector in particular exceeding expectations, and a rise in consumer prices. This was helped by increased activity in areas like retail investing, aided by the Biden administration's stimulus measures to regenerate the economy. The next target to help fuel the recovery is an infrastructure spending plan, which aims to strengthen ailing sectors like transport, roads and the electric grid.

Boost for the UK stock market

With the reopening of non-essential shops and services in the UK, the number of job vacancies picked up in April. Along with a successful vaccination programme, this gave a boost to the stock market. The spending plans for workers and businesses outlined in the government's latest Budget also helped soften the blow of the pandemic. The market's bias towards economically sensitive sectors, including finance, energy and hospitality, and a relatively small tech sector, means it should continue to rise as the economic recovery picks up.

In Europe, the recovery has got off to a slower start, due in part to the delay of the vaccine rollout, which has dented investor confidence. But there was some encouraging activity in April, with Europe performing better than expected and the Stoxx Europe 600 Index hitting an all-time high.

Oil prices rise

In April, the International Energy Agency amended its forecast for the growth in oil demand, following faster economic recoveries in the American and Chinese markets than expected.² The market for oil itself saw a rise in price, pushing up inflation as well the price of gold. Gold as a commodity is attractive to investors as a safe place to invest during times of unrest in the markets and rising inflation.

The markets in April saw a continuation of the trend from previous months, with a general shift away from technology stocks (which saw good profits from the stay-at-home economy) to more cyclical companies – such as banks, airlines and industrial firms, which benefited from reopening economies. After such a long period of inactivity and stagnation due to the global pandemic, things are now moving unusually fast in the world economy and financial markets.

Key takeaways

- April saw the continuation of progress made in March, as a more settled month in financial markets.
- The number of UK job vacancies picked up in April and along with a successful vaccination programme, provided a boost to the stock market.
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Social media post

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