



Cytonn Q1'2021 Markets Review

Global Markets Review

i. **Global Economic Growth:**

The world economy is projected to register some strong recovery with the United Nations projecting a 4.7% growth up from the 4.0% initial projections according to United Nations Department of Economic and Social Affairs (UN-DESA). The high growth is supported by the increased stimulus packages that governments are rolling out and the increased vaccination programmes currently being rolled out. Some countries like China are ahead in containing the virus and they have seen their economies rebound back to the pre Pandemic growth. The high stimulus packages in the US has seen the economy remain resilient and the unemployment rate reduce. The projected 4.7% growth is faced by a couple of uncertainties emanating from:

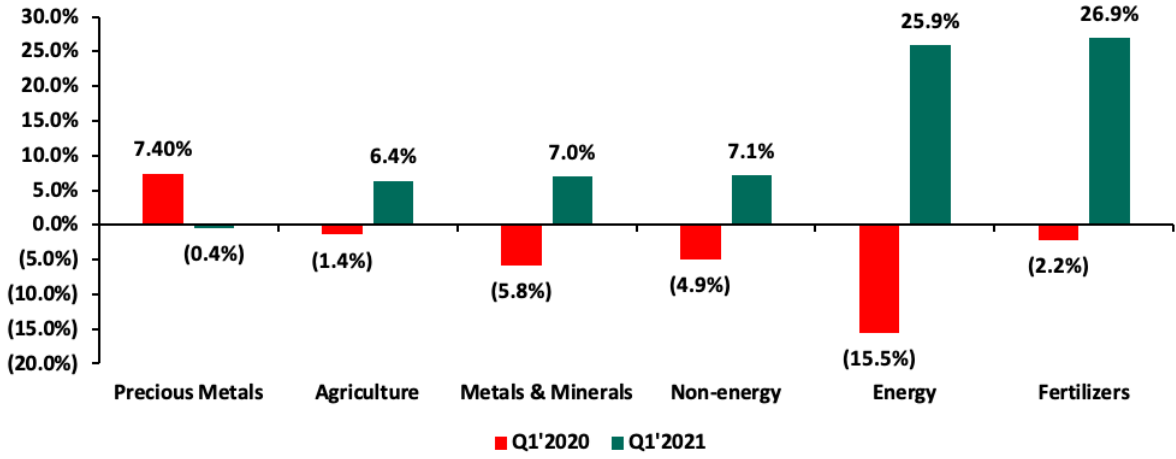
- i. Slow roll-out and distribution of the vaccine especially in the developing economies,
- ii. The continued spread of the virus considering the emergence of the third wave which is characterized by more infectious variants,
- iii. The impact of policy support measures like restricted movements which are expected to stifle domestic activity and disrupt trade and transportation, and,
- iv. Debt sustainability now that government debts, especially in developing countries have accumulated to very high levels as economies contract and the fiscal deficit widens.

The World Trade Organization, on their trade topics, **WTO and COVID-19**, revised downwards the global merchandise trade from 7,2% projection in October to either to 4% contractions on the back of re-emergence of more infectious variants of the virus or expand by 3.0% if the available vaccines or other medical treatments turn around faster.

ii. **Global Commodities Market Performance:**

Global commodity prices registered mixed performance in Q1'2021, with prices of precious metals having declined by 0.4% largely driven by the improved economic conditions seen during the period thus reducing the demand for safe haven assets. Below is a summary performance of various commodities;

World Bank Commodity Price Index



Source: World Bank

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