

# The Weekly Snapshot

27 April

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

Equity markets finished mostly lower last week, ending four-week win streaks for some indices. The weakness came amid rising concerns around global cases of COVID-19 and potential tax reform in the US. In the US, the S&P 500, NASDAQ 100 and Dow Jones Industrial Average all finished the week down around 0.5%.

In New Zealand, after three successive weekly gains, the NZX 50 fell 0.3%, while the ASX 200 ended the week flat.

### What's happening in markets

The weakness in US equities came towards the end of the week when a report surfaced that US President Joe Biden was proposing a sharp increase in the capital gains tax for the wealthy.

This increase would see the top tax bracket nearly double to more than 40%. Despite this news – and ensuing sell-off in equities – it should be noted that this policy was what Biden proposed heading into the primaries for the 2020 election - <https://taxfoundation.org/2020-capital-gains-proposals/>

### Biden proposed policy before the presidential primaries

Income (Married Filing Jointly)	Current Law	Biden Plan
\$0 to \$78,749	0%	0%
\$78,750 to \$250,000	15%	15%
\$250,001 to \$488,849	18.8%	18.8%
\$488,850 to \$999,999	23.8%	23.8%
\$1,000,000 and above	23.8%	<b>43.4%</b>

Elsewhere, global COVID-19 cases weighed on sentiment with India recording more than 300,000 cases in a day, including the discovery of a new 'triple mutant variant'.

Despite concerns around tax reform and the worsening COVID situation, economic data continued to point to a strong recovery. In the US, unemployment claims fell to another pandemic low of 547,000, improving the outlook for the US employment sector. And manufacturing and services PMI figures both beat consensus.

Meanwhile, in New Zealand, consumer prices rose at 0.8% over the quarter, near most forecasts, but slightly below those of the Reserve Bank. And in Australia, retail sales for March rose 1.4%, ahead of consensus.

### What's on the calendar

It's a relatively quiet week in New Zealand after the Monday holiday with the only data on note being the final reading of the ANZ Business Confidence report for April.

It's a little busier across the Tasman with inflation data for the first quarter on Wednesday and PPI data on Friday. Both will give investors an indication as to pricing pressures amid the economic rebound, which appears to be pushing prices for many goods and services higher.

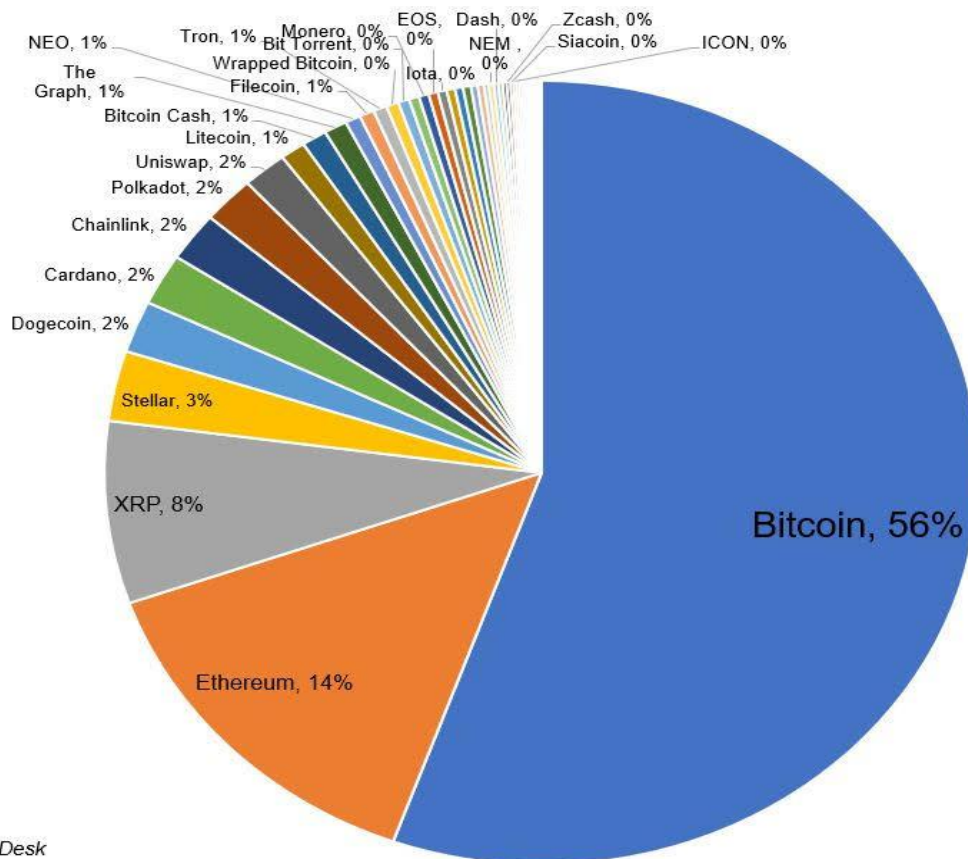
In the US, it's a much busier week, beginning with the Federal Reserve meeting. The Fed is expected to keep interest rates unchanged, but the focus continues to be on their comfort level with letting the economy run 'hot' by maintaining a heavily accommodative policy in the inflationary environment.

Elsewhere, it's arguably the biggest week on the earnings calendar with Apple, Microsoft, Amazon, Facebook and Alphabet (parent company of Google) all releasing results.

## Chart of the week

How big are cryptocurrencies? Well, as at Friday, there were 45 cryptocurrencies with market values in excess of US\$1 billion. Bitcoin, the largest and most well-known of these has a market value of more than US\$1 trillion.

In another mindboggling stat, the Bitcoin network consumes as much energy as all data centres globally, according to the [Bitcoin Energy Consumption Index](#).



## Here's what we're reading

Cryptocurrencies: Some say they are the future of money; some say they are a passing fad. Here's one arguing the latter - <https://www.currentaffairs.org/2021/04/why-cryptocurrency-is-a-giant-fraud>

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