

The background features a complex digital visualization of financial data. It includes a 3D bar chart with blue and purple bars, a line graph with a red line, and various floating numerical values such as 13.7941, 44.1215, 31.6466, 92.266, 90.8455, 69.8112, 96.4834, and +12,00.5. The overall color palette is dominated by deep blues, purples, and oranges.

**REEVES**  
INDEPENDENT  
— EST 1996 —

Investment Services

# Reeves Market Outlook

**June 2021**

# 1. First US/China talks of Biden era held

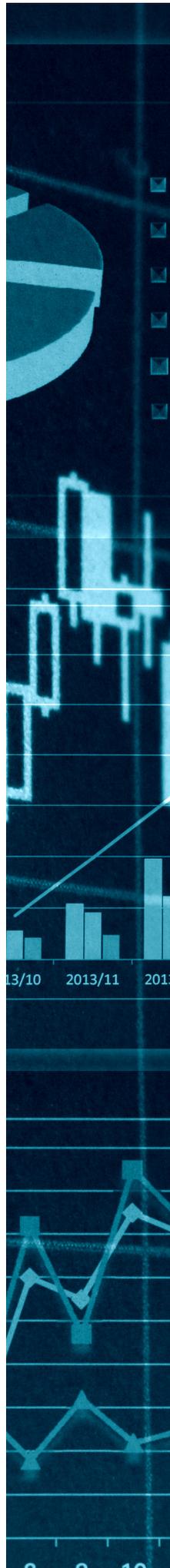
During a virtual meeting, the sides discussed the importance of a trade relationship between the two, with the talks being described as 'constructive'.

## Relevance/Impact

Although the meeting itself has little significance, the future relationship of the two superpowers will have a huge effect on global trade and financial markets in the years to come. While Covid has now gripped markets since the first quarter of 2020, Trump's combative stance towards China and 'trade war' was one of the main headwinds on markets pre Covid. With strong vaccination programs and dwindling infection numbers across the western world, more 'normal' issues familiar to investors such as geopolitical tensions and inflation will once again play a key role in market performance. So far, Biden's stance on China has been described as hawkish, and far closer to Trump than experts had expected. He has yet to remove many of the tariffs his predecessor levied on Chinese imports and has focused on strengthening the US domestically. While this is similar to Trump, in contrast, Biden has worked to repair alliances with others that weakened under the previous White House incumbent, looking to improve globalisation of the US while still having a strong focus domestically.

## Source:

BBC News (27th May 2021) First US/China talks of Biden era held <https://www.bbc.co.uk/news/business-57264346>



## 2. Investors bet Eurozone stock rally will gather steam as economy rebounds

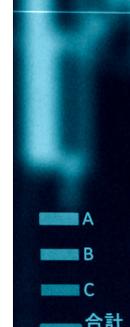
Eurozone stocks have soared higher this year and a growing chorus of investors is now betting on further gains as the bloc's slow emergence from the coronavirus pandemic gathers pace.

### Relevance/Impact

As European pandemic measures ease, markets are predicting good returns, growth and a steady recovery for business. This means we should see European equities bounce back and this will eventually spill over into UK and US equities too. As Europe emerges from lockdowns and the pandemic, we can expect to see huge Government programmes to reinvest in business, making this a great opportunity to invest in European stocks. With businesses and wider economies rebounding, we should seize the opportunity by investing now to enjoy great growth and returns from equities.

### Source:

Financial Times (27th May 2021) Investors bet Eurozone stock rally will gather steam as economy rebounds  
<https://www.ft.com/content/159bbd29-7bb7-448f-9603-c42a57c90ea3>



### 3. US inflation gauge jumps as recovery accelerates

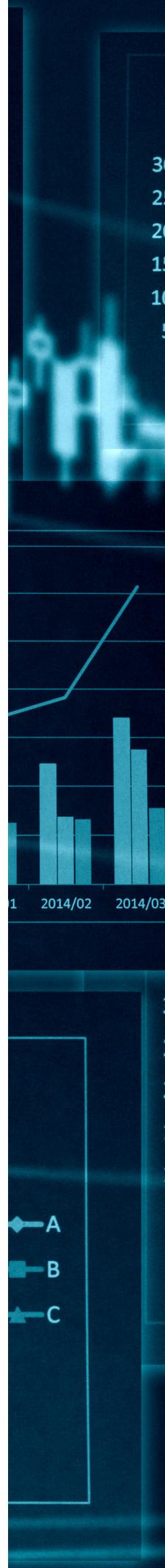
The US has seen its biggest year-on-year rise since the 1990s, which has raised new alarms about an overheating economy.

#### Relevance/Impact

A US inflation measure rose 3.1% in April compared with a year ago, with the surge representing a sharp increase on the 1.9% annual rise in March and also higher than a consensus forecast estimating a 2.9% jump. The surge may raise new alarms about the US recovery overheating amid a burst of demand as the pandemic wanes. As inflation red flags continue to be raised, investors will be increasingly concerned about their investments, as inflation and investments do not mix well. With it becoming a case of when rather than if inflation will occur, it is extremely important that clients diversify their portfolios to mitigate their risk.

#### Source:

Financial Times (28th May 2021) US inflation gauge jumps as recovery accelerates  
<https://www.ft.com/content/04ed8422-e16a-4d53-b597-690e4c9c99b9>



## 4. Wall Street stocks waver as investors bet Federal Reserve will hold course

Government bonds rallied, the dollar weakened and US stocks fluctuated between small gains and losses in the last week of May, as gauges of price pressures in the economy were met by Federal Reserve officials stating that higher inflation will be temporary.

### Relevance/Impact

Wall Street's softer performance followed the emergence of data showing declining consumer confidence and higher home prices, with sales of newly built homes in the US falling more than expected last month due to higher prices stifling demand. The dollar index lost as much as 0.3% and has remained around its weakest level of 2021, and the renewed drop in US yields has also begun to take its toll on the currency. Inflation concerns will remain high throughout the year as economies begin to recover, so it is essential for investors to keep an eye on the situation and ensure their portfolios are sufficiently diversified in order to avoid significant losses should interest rates be increased to dampen inflation.

### Source:

Financial Times (25th May 2021) Wall Street stocks waver as investors bet Federal Reserve will hold course  
<https://www.ft.com/content/a26cd4af-b4c0-46ad-9a81-44b059ba3e95>



## 5. International OECD talks see a 15% global corporate tax rate proposed

After originally proposing 21%, Biden's administration has suggested it would accept a global minimum tax rate of 15% on multinational companies. Update: Biden and G-7 leaders will endorse a global minimum corporate tax of at least 15%.

### Relevance/Impact

While Biden plans to raise the US domestic rate to 28%, a deal for a global minimum would better allow his administration to make the switch without encouraging American companies to shift their operations overseas for more generous tax treatment. Biden hopes a deal would reduce the impact of profit shifting and tax avoidance and has threatened several countries with tariffs over digital taxes they are asking US tech companies to pay.

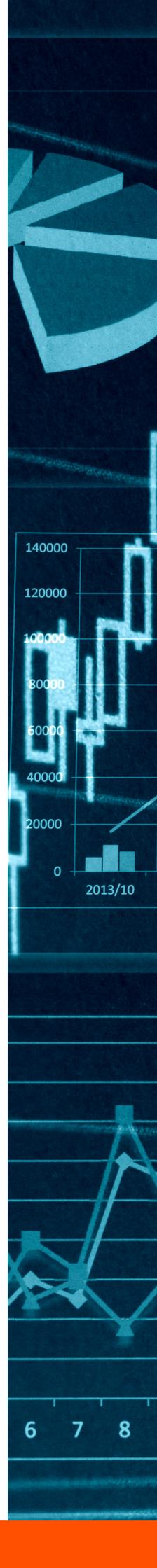
If the US plan were accepted, other countries would be able to increase revenues from big US tech groups and other multinationals that have operated in their jurisdictions but paid little corporate tax. So far the Treasury Department has hailed its positive reception among other countries as a breakthrough in the negotiations.

### Source:

Financial Times (21st May 2021) International OECD talks see a 15% global corporate tax rate proposed <https://www.ft.com/content/d41da77e-93d0-4b96-95c3-98ca3f9a6696>

New York Times (20th May 2021) International OECD talks see a 15% global corporate tax rate proposed <https://www.nytimes.com/2021/05/20/business/economy/global-minimum-tax-corporations.html>

Updated\* CNBC (11th June 2021) Biden and G-7 leaders will endorse a global minimum corporate tax of at least 15% <https://www.cnbc.com/2021/06/11/biden-and-g-7-leaders-will-endorse-a-global-minimum-corporate-tax.html>



## 6. Copper hits record high with demand expected to rise sharply

Copper prices hit a record high at the end of May as commodity markets continued their rally as major economies reopen.

### Relevance/Impact

Copper rose as much as 1.4% to US\$10.361 a tonne, surpassing its previous peak set in 2011. Voracious demand in China, the biggest consumer of the metal, and investors looking to bet on a big uptick in the global economy and protect their portfolios against potential for rising inflation have contributed to the price more than doubling.

With economies recovering from the pandemic, it is unlikely that the demand for commodities will slow anytime soon, especially metals such as copper that are required for construction and that are seen as a potential hedge against inflation. For investors wanting to diversify their portfolios, investing in commodities such as copper should be considered.

### Source:

Financial Times (7th May 2021) Copper hits record high with demand expected to rise sharply  
<https://www.ft.com/content/c273eece-24f8-4d2d-b510-25a9032013eb>

90  
80  
70  
60  
50  
40  
30  
20  
10  
0

## Do you have a question for our Investment Team?

If you have any questions about our Portfolio Management Service or questions about your investments, please book a call with our Investment Service Team who will be happy to answer all your questions.

[Book Now](#)

**REEVES**  
INDEPENDENT  
— EST 1996 —

Pension, Investments  
& Retirement Advice



Reeves Independent Limited: 30 High Street, Gosforth, Newcastle Upon Tyne, NE3 1LX  
Tel: 0800 989 0029  
Email: [info@reevesifa.com](mailto:info@reevesifa.com)

*Reeves Independent is a trading name of Reeves Independent Limited (Reg No 11751772)  
Authorised and Regulated by the Financial Conduct Authority (FRN 839943).  
Reeves Independent (Acquisitions) Limited (Reg No 12578328, FRN 925912) is an appointed  
representative of Reeves Independent Limited.*

© 2021 Reeves Independent Limited.