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INVESTMENT MANAGEMENT

## Weekly Investment Update

### The week in review

- 9 years since the ‘great financial crisis’
- UK Spring Statement
- Theresa May orders the expulsion of Russian diplomats
- Protectionism trends evident
- Brexit details remain unresolved.

The 9<sup>th</sup> March signified exactly 9 years to the day since markets touched their financial crisis low point. It is interesting to note since that historic moment, the S&P 500 has actually outperformed all other assets, delivering a total return of 389%. Only one equity market is still in negative territory over the same period, the Greek Athex index (-34%).

In the Spring Statement, Chancellor of the Exchequer, Philip Hammond forecast UK inflation would fall to 2% by the end of 2018 and that borrowing for the current fiscal year was revised down from £50bn to £45bn.

Brexit talks continued as the EU published their latest version of the draft legal wording around the withdrawal agreement. Brexit Secretary David Davis predicting a transition deal period as soon as next week.

The decision of Britain’s third largest company on the FTSE 100, Unilever, to move its London headquarters to Rotterdam is a blow to the British government as this may indicate a lack of confidence around Brexit.

Concerns around Russia increased with Theresa May ordering the expulsion of 23 Russian diplomats as the US, Germany, France and UK have formally signed a joint statement accusing Russia of the “first offensive use of a nerve agent in Europe since World War II”.

In other news, the OECD upgraded its forecasts on global economic growth to 3.9% for both 2018 and 2019.

US indices made progress early in the week, however, before fading across the board due to continued trade war talk and profit taking in the technology sector. Total US nonfarm payroll employment increased by 313,000 with the US unemployment rate remaining at 4.1%. During the week, the Nasdaq index closed at another record high before later retreating.

Protectionism trends were again evident, with President Trump blocking the takeover of US chipmaker, Qualcomm, by Singapore based Broadcom on national security grounds.

On the geo-political front, President Trump agreed to meet with North Korea’s Kim Jong Un in May. It is believed that Kim Jong Un wants to sign a peace treaty with the US, while also agreeing to nuclear disarmament.

China’s National People’s Congress make significant changes to how the government will work handing more power to President Xi Jinping. The central bank will get more control over the financial sector as authorities attempt to curb risks in the \$43 trillion banking and insurance industries.

Global Markets	2018 YTD %*
FTSE 100	-6.25
S&P 500	3.06
Dax	-4.09
Nikkei 225	-4.22
Hang Seng	5.75
Fixed Income	Yield %
UK 10 Yr	1.44
US 10 Yr	2.84
Commodities	2018 YTD %
Gold	1.09

Source: FE  
Analytics/  
Bloomberg.com

\*Local  
currency

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