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INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- Market volatility continues globally
- Tech stocks continue to suffer
- U.S and China begin tariff negotiations
- Euro area's CPI falls short of forecast
- FTSE 100 has worst first quarter since 2009

The week started with many markets being closed, however the US was one of a few which was open and it was difficult start with the S&P 500 (-2.23%) and the NASDAQ (-2.74%) down.

Tech stocks are having a difficult time as fear of increased regulation will cut into profits. Intel was also affected after reports that Apple is planning to use its own chips in Mac computers from 2020 which saw their share price fall by -6.07%.

Renault SA and Nissan Motor Co. are in talks to merge and create a new single car manufacturer. Shares in Renault jumped 8.3 percent, hitting the daily move in more than a decade.

The US trade representative office (USTR) has proposed imposing 25% tariffs on $50bn worth of Chinese imports, potential sparking a trade war. However President Trump tweeted "we are not in a trade war with China…", playing down these fears. The Chinese ambassador to the US Cui Tiankai stated that "negotiations would still be our preference…but if others do things wrong, we'll have to respond". Further to this, President Trump issued an additional statement noting "in light of China's unfair retaliation, I've instructed the USTR to consider whether tariffs (on an additional $100bn of goods) would be appropriate under section 301…".

The Fed's Brainard has reiterated that US fiscal stimulus and other economic factors creates an environment that "warrant continual gradual increases in rates".

The Euro area's March CPI was below forecast at 1% compared to 1.1% and remained steady for the third consecutive month. February's unemployment figures were announced at 8.5% which is in line with forecast, setting a 10 year low.

The UK's services PMI was reported as the lowest since July 2016 due to the impact of the severe weather conditions experienced in the month.

Q1 Review

After a strong year for equity markets, 2018 started where 2017 had left off with equity markets rallying throughout the majority of January however then sold off throughout February and March eradicating any gains from early January. This sell off was triggered by strong wage growth in the U.S. which left investors fearing an interest rate rise sooner than expected, before markets declined further in March amid fears of a trade war between China and the U.S.

The FTSE 100 fell 8.2 per cent in the first quarter of this year, the worst first three months of a calendar year since the 11 per cent decline of 2009.

Global Markets	2018 YTD %*
FTSE 100	-5.23
S&P 500	-0.06
Dax	-4.40
Nikkei 225	-4.92
Hang Seng	-0.92
Fixed Income	**Yield %**
UK 10 Yr	1.41
US 10 Yr	2.82
Commodities	**2018 YTD %**
Gold	1.45

Source: FE Analytics/ Bloomberg.com ****Local currency***

Ascencia Investment Management • Frenkel House • 15 Carolina Way • Salford • Manchester • M50 2ZY • T +44 (0) 161 886 8000 • W www.ascenciaim.co.uk