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INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- Market volatility continues globally
- President Trump's tweets take centre stage
- Geo-political risks rise materially
- Oil price touches a three year high
- Gold rallies with safe haven assets rising

It was a volatile week again, markets reacting to President Trump tweets and geo-political developments.

The US economy added 103,000 jobs in March compared to expectations of 175,000, while the US unemployment rate remained unchanged at 4.1%. Furthermore, Fed Chair Jerome Powell signalled the economy was strong enough for additional US rate hikes this year.

President Trump warned that Russia and Iran would be held accountable for the alleged chemical attack in Syria. New US economic sanctions targeted high-profile Russian businessmen, their companies and government officials, triggering Russia's benchmark index to fall more than 10%, its largest fall since 2014.

Softening rhetoric from President Trump, helped markets recover. He noted that the US was exploring the

possibility of re-joining the Trans-pacific partnership (TPP) and NAFTA trade accords.

Moving onto US/China trade, China's President Xi struck a conciliatory tone, adding that China would open up sectors such as financial services and auto manufacturing.

Turning to the UK, Mothercare became another UK retail casualty, the company seeking to close a third of its stores by entering a company voluntary arrangement (CVA), which will allow it to pay off debt whilst still trading. Data-wise, the British Retail Consortium's measure of retail sales showed year-over-year growth of 1.4% for March.

A positive to come from UK retailers saw Tesco's profits increase in the last financial year. Tesco initially struggled due to inflationary pressure, on the back of the weak pound. However this was eased by increased sales in ready meals and plant-based products from their new range. The shares rose by 5.6% on Wednesday and its well on track to meet its 2020 target.

The pound was the biggest winner against both the dollar and euro yesterday as it started the day fairly positively due to the announcement of a post Brexit free trade deal between Norway and the U.K.

US 10y treasuries rose to 2.83%, while German Bunds were little changed.

Safe haven assets were in vogue with gold on the rise for the second week as investors head for safety amid fear over Syria. In terms of other base metals, aluminium rose following the US sanctions on the Russian firm Rusal, which produces c7% of the world's aluminium.

WTI oil and Brent both rose above US\$70 for the first time since mid-2015.

Global Markets	2018 YTD %*
FTSE 100	-4.40
S&P 500	0.02
Dax	-3.55
Nikkei 225	-4.85
Hang Seng	3.50
Fixed Income	Yield %
UK 10 Yr	1.45
US 10 Yr	2.83
Commodities	2018 YTD %
Gold	2.44

Source: FE Analytics/
Bloomberg.com

*Local
currency

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