Weekly Investment Update

The week in review

- Market volatility continues globally
- Oil outperforms
- 10 Year Treasury yield moves higher
- UK CPI retracts to 2.5% from 2.7% in February
- UK unemployment rate falls to 4.2%

US markets rallied on Monday after positive corporate earnings reports and worries around US military conflict in Syria as this began to look less likely. Even after another fairly controversial Trump tweet markets remained positive with the S&P 500 up +0.81% moving back positive for 2018 for the first time since mid-March.

UK CPI fell in March in a lift to British households who have suffered a year of real wages falling. U.K. consumer prices rose 2.5% for the year ending March, below market expectations to remain inline with February's 2.7%. This fall impacted the pound significantly with a 1% fall against USD. However, last week Sterling had a relatively good week, finishing it off by maintaining its 10 month highs against the euro and reaching its second highest level since the EU referendum.

In the UK, Premier Inn and Costa owner Whitbread's price surged as Elliott Advisers became its biggest shareholder, reports suggested that the investor is piling pressure on the company to break up the business and spin off Costa Coffee. Advertising company WPP fell 6.1% as investors reacted to the resignation of chief executive Martin Sorrell. Retailers Primark and JD Sports have seen strong increases in sales, despite the retail sector struggling. Primark's sales rose by 7% to £3.48bn for the first half of its year, with profits increasing by 4% to £341m. Primark plans to open a store in Florida, after launching nine outlets already in the north-east of the US.

More positive economic news in the UK with data showing that wage increases in the country are running at the fastest pace in almost three years, and unemployment fell to 4.2 percent in the three months through February. With inflation falling further, this reinforces expectations of a rate rise from the Bank of England at its meeting next month. The agreement on the Brexit transition deal combined with expectations that the BoE is set to hike rates again in May have both been supportive for the currency in recent month. However, the labour market data showed lower than expected growth in Average Weekly Earnings at 2.8%,

Looking at Europe, the ECB's Praet noted "the growth outlook confirms our confidence that inflation will converge toward our aim of close to 2% over the medium term" however he reiterated that inflation "remain subdued" and may still require some degree of stimulus.

Over in Asia, China remained on course with Q1 GDP performing in line at 6.8% which has now been steady since last September.

Looking at commodities, Oil was a notable climber this week with WTI peaking at $69.5, as a supply deficit begins to form. LME aluminium jumped 4.99% on Monday, to the highest since September 2011.
10y Treasuries ended Thursday at 2.911% which moves within 0.04% of its mid-February high.

Global Markets	2018 YTD %*
FTSE 100	-3.34
S&P 500	1.13
Dax	-2.36
Nikkei 225	-2.52
Hang Seng	3.09
Fixed Income	**Yield %**
UK 10 Yr	1.48
US 10 Yr	2.91
Commodities	**2018 YTD %**
Gold	2.94

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

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