



ascenciaTM
INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- UK inflation (RPI) rate falls to 2.3%
- UK interest rate remains unchanged
- Global equity markets fall
- European economic growth slows

UK inflation rate fell to 2.3% in November, from 2.4% in October, its lowest level since March 2017. Core inflation, which excludes energy prices, fell to 1.8% from 1.9% according to the Office of National Statistics.

In December's Bank of England meeting, the Monetary Policy Committee (MPC) decided to leave the UK interest rate unchanged. The MPC also highlighted that "Brexit uncertainties have intensified considerably since the Committee's last meeting" and that "the monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction".

US equities continued to fall over the week, the S&P 500, DOW and NASDAQ indices all finishing markedly lower.

Additionally, the Federal Reserve raised near term interest rates by 0.25% to 2.25-2.5%, its fourth rate hike in 2018.

At the same time, it confirmed it would continue to reduce the size of its balance sheet by up to \$50 billion per month. There was also the threat of a partial US government shutdown, should President Trump fail to resolve funding for the wall along the Mexican border.

Turning to Europe, there was much weaker than expected Purchasing Managers Index (PMI) data. The Euro-Area composite PMI index for December touching a 49 month low.

A key reason for the drop was due to France, which reflected disruption to business and travel arising from the 'yellow vest' protests. The broadly representative STOXX 600, Germany's DAX and France's CAC indices all declined on deteriorating investor sentiment.

In Asia, the MSCI Asia Pacific index followed global markets lower, while Japan's Topix index also fell to an 18 month low.

In commodity markets, West Texas Intermediate (WTI) fell sharply to \$45.43, while Brent crude touched its lowest level since October 2017. Oil prices appear to have been driven lower by concerns over increasing US shale supplies, doubts over how effective the implementation of the latest OPEC cuts will be, and

weak sentiment as global equities fall.

We would like to take this opportunity to wish you a Merry Christmas and all the best for 2019.

Global Markets	2018 YTD %*
FTSE 100	-9.1%
S&P 500	-5.9%
Dax	-17.9%
Nikkei 225	-8.8%
Hang Seng	-11.3%
Fixed Income	Yield %
UK 10 Yr	+1.30%
US 10 Yr	+2.79%
Commodities	2018 YTD %
Gold	-3.3%

Source: FE Analytics/
Bloomberg.com

*Total
Return/Local
currency

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