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INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- The European Commission lowers its growth forecasts for all major EU economies
- The BOE downgrade growth forecasts, citing Brexit as the main issue
- Still no solution to the Brexit deadlock
- No Trump-Xi meeting before March 1 deadline
- India's central bank delivers unexpected interest rate cut

In Europe, the European Commission this week lowered its growth forecasts for all major euro region economies. In its forecasts, the commission sees the 19 nation euro area economy expanding by just 1.3% this year, as oppose to the 1.9% projected in November. It was also reported that they had lowered the 2019 forecast for Italian growth to 0.2% from 1.2%.

The Bank of England (BOE) on Thursday, announced that they are downgrading growth forecasts of the UK to 1.2% in 2019 which is the lowest level since the 2008 financial crisis. Due to the slowing growth, the BOEs Monetary Policy Committee voted unanimously

to hold its interest rates at 0.75%.

PM May headed to Brussels this week to meet European Union officials who are starting to despair, with comments coming from EU President Tusk stating that there is a “special place in hell” for those who promoted Brexit without a safe exit strategy. The PM was seeking to renegotiate the Irish backstop and talks were described as “robust but constructive” but there is still no solution in sight to end the deadlock.

To the US-China trade talks, President Donald Trump said that he would not be meeting Chinese President Xi Jinping to discuss tariffs before the March 1st deadline, further increasing fears that the two countries would not agree a deal before the end of the 90 day truce. If a deal is not agreed, the Trump administration will be set to more than double tariffs on \$200 billion dollars of Chinese goods. As a result, Asian markets finished lower on Friday.

Over in Asia, India's central bank (RBI) delivered a surprise interest rate cut, voted for by all six members of the Monetary Policy Committee, switching its economic stance from “calibrated tightening” to “neutral”. In doing this, India becomes the first central bank in Asia to ease borrowing costs

this year as inflation slows. This comes a week after India's PM Narendra Modi announced an expansionary budget which included \$13 billion of help for consumers ahead of election polls in May.

Finally, to commodities, Oil prices have slipped due to global economic slowdown concerns after recently gaining some support from supply cuts led by OPEC and US sanctions against Venezuela. Gold holds steady as the global economic slowdown worsens, but strong dollar puts bullion on track for its first weekly loss in three.

Global Markets	2019 YTD %*
FTSE 100	+2.92%
S&P 500	+7.75%
Dax	+3.80%
Nikkei 225	+6.77%
Hang Seng	+9.25%
Fixed Income	Yield %
UK 10 Yr	+1.18%
US 10 Yr	+2.64%
Commodities	2019 YTD %
Gold	+2.35%

Source: FE Analytics/
Bloomberg.com

*Total
Return/Local
currency

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