



ascenciaTM
INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- UK inflation falls to 1.8%
- German economy just misses recession
- Spanish PM Pedro Sanchez calls snap election
- US considers 60 day trade talk extension with China beyond March 1 deadline

UK inflation fell to a two year low in January, with CPI figure coming in at 1.8%, slightly below the forecast of 1.9%. The fall in inflation, which is generally targeted at 2%, was mainly due to lower gas, electricity and petrol prices between December and January.

Staying in the UK, PM Theresa May suffered yet another defeat in parliament on Thursday as MPs voted against a symbolic motion endorsing the PMs approach to resolving the Brexit deadlock. A revolt from euroskeptics in the Conservative party condemned her to a heavy defeat. PM May is now due to travel back to Europe to secure a revised deal.

In Europe, Germany's economy stagnated at the end of 2018 with growth figures at 0.0% for Q4, meaning it just avoided recession. The Q4 performance meant that the country trailed most of its peers in the euro

area, where the average growth rate stood at 0.2%. The euro area currently faces a worrying blend of factors, which include weaker demand for its exports from China and the rest of the world, the prospect of a messy split with the UK and rising political tensions in Italy and France.

In Spain, parliament blocked the ruling Socialists party's 2019 budget as the government failed to acquire sufficient backing from the Catalan independence parties it previously relied on for support. Earlier in the week, around 40,000 right wing activists gathered in Madrid to protest against the PM Pedro Sanchez, and demanded that a snap general election is called as soon as possible. On Friday, PM Sanchez made the announcement that he would call an early general election, which is to take place on the 28th April.

President Trump is considering pushing back the deadline for introduction of higher tariffs on Chinese imports for 60 days, as the world's two biggest economies try and negotiate a solution to their trade dispute. President Trump said that he could allow the March 1 tariff deadline to "slide" if they "we're close to a deal." US negotiators held high-level meetings with Chinese officials in Beijing this week, and flexibility on the

deadline would reduce the pressure for an immediate breakthrough. Any delay to higher tariffs would be positive for markets, so the news was greeted by an equity rally, with cyclical and trade-dependent stocks outperforming.

Finally, looking at commodities, gold edged slightly higher, achieving a gain for the week but staying within a narrow range as investors await fresh catalysts. Oil (WTI) resumed its rally, achieving around 21% year to date gain with the main driver of upward momentum being aggressive output cuts announced by the Saudi oil minister.

Global Markets	2019 YTD %*
FTSE 100	+5.62%
S&P 500	+8.70%
Dax	+2.99%
Nikkei 225	+8.07%
Hang Seng	+10.98%
Fixed Income	Yield %
UK 10 Yr	+1.16%
US 10 Yr	+2.67%
Commodities	2019 YTD %
Gold	+2.76%

Source: FE Analytics/
Bloomberg.com

*Total
Return/Local
currency

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Safety First Portfolios are a range of investment solutions developed by Ascencia Investment Management to cover a variety of investment needs. Safety First Portfolio solutions are some of the models that sit within this.

Ascencia Investment Management does not make any warranties, express or implied, that the products, securities or services mentioned are available in your jurisdiction. Accordingly, if it is prohibited to advertise or make the products, securities or services available in your jurisdiction, or to you (by reason of nationality, residence or otherwise) such products, securities or services are not directed at you.

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

Authorised and regulated by the Financial Conduct Authority Registered in England and Wales No. 05010380

Ascencia Investment Management is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409