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INVESTMENT MANAGEMENT

Weekly Investment Update

The week in review

- Brexit deadline extended
- Sterling rallies the most since June 2018
- Equity markets gather momentum
- Oil prices (WTI & Brent Crude) climb to their highest levels this year

Starting with Brexit, there have been a number of crucial votes in Parliament this week as the exit deadline edges ever closer. The first round of votes came on Tuesday, where MPs voted overwhelmingly against PM Theresa May's updated version of the Brexit deal, which lost by 149 votes. The second big vote, on Wednesday, had Parliament backing an amendment to the government's motion that rules out the UK crashing out of the EU at any time with no deal. The third and final vote of the week on Thursday, was to establish whether Article 50 should be extended beyond the 29th March. Unsurprisingly, due to the lack of a good deal being tabled earlier in the week, MPs voted 413 to 202 in favour of an extension to the deadline. Any delay to the Brexit process will now have to be formally agreed by the other 27 EU members at next week's EU

summit. PM May will now bring back a third and final proposal next Tuesday which will once again be voted on by MPs. If this deal is approved, she could ask the EU to delay the Brexit deadline to the 30th June. If the deal is rejected however, it is thought that an extension of around two years would be required.

The UK Chancellor of the Exchequer, Philip Hammond, announced in the Spring Statement on Wednesday that there was a £3bn improvement in public sector net borrowing for the fiscal year 2018-19, coming from stronger revenues from corporate and income taxes, as well as lower interest rates reducing borrowing costs.

On the back of the vote to stop a "no deal" Brexit, sterling rallied to reach its highest level since June 2018, gaining 2.01% vs the US dollar, as a more positive outcome appears more likely.

Major global equity indices gathered momentum after positive news flows. European shares hit a five month high on Thursday, the S&P 500 hit a four month high too, managing to hold above the key level of 2,800 points, finishing at 2808.48 on Thursday's close. India's SENSEX index also gained, finishing +3.95% for the week. Factors that fuelled the rally include: US-China trade talks

making progress, a strengthening rupee, a large increase in foreign investors cash and robust export expectations projected to exceed an all-time high of US \$330bn in 2018-19.

Looking at commodities, Oil continued its rally, with WTI briefly hitting a 2019 high on Friday of \$58.95 per barrel, and Brent crude reaching its own 2019 peak of \$68.14 per barrel on Thursday. WTI's CBOE/NYMEX Crude Oil Volatility Index is now at a 5 month low.

Gold edged above \$1,300 per ounce and the US dollar fell as investors weigh up Brexit uncertainty and look at comments from China's Premier on monetary policy, as he plans to deliver record tax cuts to support the nation's slowing economy.

Global Markets	2019 YTD %*
FTSE 100	+6.20%
S&P 500	+11.40%
Dax	+7.61%
Nikkei 225	+8.90%
Hang Seng	+13.00%
Fixed Income	Yield %
UK 10 Yr	+1.22%
US 10 Yr	+2.62%
Commodities	2019 YTD %
Gold	+1.53%

Source: FE Analytics/
Bloomberg.com

*Total Return/Local currency

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