

Weekly Investment Update

26th April 2019



Global News

Corporate earnings – There was a feeling of pessimism leading up to this week's corporate earnings and investors were cautious, however, US based tech companies had a good week, surprising the markets. Twitter beat almost all analysts estimates in Q1, and Facebook's Q1 revenues rose by a better than expected 26%, as its advertising revenue picked up. Microsoft joined an exclusive club, with its market cap now topping over US\$1 trillion, after bringing in Q1 revenues of \$30.6 billion. There were, however, some bad results. These included Tesla, who reported their lowest cash levels in 3 years, which could mean they have to raise more finance, Nokia, and 3M whose shares plunged after posting surprising losses.

US GDP data – The Q1 US GDP figure was released on Friday coming in at 3.2% growth, beating economists' forecasts, as big boosts from inventories and trade offset a slowdown in consumer spending.

UK budget deficit – The UK's Finance minister, Philip Hammond, missed the target for bringing down the UK's budget deficit in the 2018/19 financial year according to provisional figures released on Wednesday. The deficit shortfall, however, fell to its lowest in 17 years, as borrowing to the end of March came in 41% less than in the 2018/18 tax year. Mr Hammond said in a statement after the figures were released that the government looked on track to meet its goal of reducing overall government debt levels as a percentage of the economy by 2021, while keeping the deficit below 2%.

Market Summary

Global Equities – In the US, with a week of corporate earnings, the Nasdaq composite index hit a record high as tech earnings beat estimates.

The Shanghai Composite endured its worst week since October, losing 4.5%, as the Chinese government signalled that it would pare back its support for the economy as evidence of a recovery continues.

Commodities – Gold prices remain under pressure this month, falling nearly 1.7% since the start of April, and more than 5% from the recent peak of \$1,341 per ounce in February. Positive equity markets and optimism over trade war talks has weighed on the demand for safe-haven assets, with investors edging more towards riskier assets.

Oil's YTD rally, which saw it reach a peak on Wednesday, cooled off this week, after a surprise jump in supplies of US crude inventories was announced.

Currency – The US dollar gained against most major currencies this week, with the Bloomberg Dollar Spot Index reaching a four month high, due to dovish signals coming from the central banks of Japan, Canada and Europe.

The Swedish Krona fell to its weakest level against the US dollar since 2002, as the Swedish central bank hinted that it would not raise rates in 2019 due to softer inflation and a weaker outlook for employment, which came as a surprise to the market who predicted at least one hike.

Chart of the week



Source: Bloomberg 26/4/19

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> - China NBS manufacturing PMI - France GDP - German unemployment rate - German CPI - US consumer confidence 	<ul style="list-style-type: none"> - US FOMC rate announcement - US ISM manufacturing PMI 	<ul style="list-style-type: none"> - UK BOE rate decision - US jobless claims 	<ul style="list-style-type: none"> - US unemployment rate

Market Performance – 25/4/19

Global Market Indices	2019 YTD %*
FTSE 100	+10.43%
S&P 500	+16.25%
Dax	+14.07%
Nikkei 225	+15.11%
Hang Seng	+15.78%
Fixed Income	Yield %
UK 10 Yr Gilt	+1.14%
US 10 Yr Treasury	+2.52%
Commodities	2019 YTD %
Gold	-0.43%
Currency	
GBP/USD	1.2902 (25/04/19)
GBP/EUR	1.1589 (25/04/19)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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