

Weekly Investment Update

5th April 2019



Global News

Brexit – Prime Minister Theresa May, in a letter to the European Council President Donald Tusk, has requested that the Brexit deadline is extended to the 30th June. PM May aims to avoid any involvement in EU parliamentary elections in May, but stated that the UK government would prepare for the elections in case parliament doesn't reach a consensus in time.

Positive Euro PMI – The euro area economy received positive news on Wednesday as activity in services came in stronger than expected at the end of Q1, which offset the disappointing manufacturing data published earlier this week. The IHS Markit's Composite Purchasing Managers Index (PMI) in March came in at 51.6 for the eurozone, beating the market expectation of 51.3.

US China trade talks – President Trump this week confirmed that progress is being made in the US-China trade talks, and that an 'epic' deal could be announced in the next four to six weeks. China's vice premier, Lui He, said a consensus was made in relation to trade discussions.

US jobs data – The number of Americans filing applications for unemployment benefits dropped to a 49 year low at the end of March, coming in at 202,000. The figure came in below forecasts, indicating a sustained labour market despite slowing economic growth. On Friday, US non-farm payrolls rose to 196,000 in March, beating estimates of 177,000.

Market Summary

Global Equities – In general, global equity markets have continued to rally this week. With the main focus on the US and Stoxx Europe 600, as miners and positive economic data from Italy and Germany, push markets higher. Emerging markets continued to climb hitting an 8 month high, helped mainly by improved Chinese services data and positive reports of potential progress in the US-China trade talks.

Commodities – Oil prices have risen, with Brent nearing \$70 a barrel as global crude supplies tightened. Russian output dropped by the end of March to 190,000 barrels a day, below October levels. Away from oil, iron ore prices continued to rise, passing \$90 a ton, as concerns over Brazilian supply took hold along with a bullish outlook.

Fixed Income – With equity markets being very much 'risk on', fixed income markets declined. Treasuries and European sovereign debt fell in value, with the German 10-year bond yield moving back above zero.

Currency – The Japanese yen (JPY), viewed as a 'safe haven' currency, tends to suffer within a 'risk on' environment, which has reflected in its decline this week. The euro strengthened against the U.S. dollar, with its largest gain in four weeks.

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- US CPI data yy	- China CPI yy - German CPI final yy - US jobless claims - US inflation figures - Germany CPI yy			

Market Performance

Global Market Indices	2019 YTD %*
FTSE 100	+9.71%
S&P 500	+14.31%
Dax	+11.33%
Nikkei 225	+11.96%
Hang Seng	+17.28%
Fixed Income	Yield %
UK 10 Yr Gilt	+1.13%
US 10 Yr Treasury	+2.53%
Commodities	2019 YTD %
Gold	+0.18%
Currency	
GBP/USD	1.3077 (04/04/19)
GBP/EUR	1.1653 (04/04/19)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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