

Weekly Investment Update

12th April 2019



Global News

Brexit – This week the European Union granted the UK a “Brexit” extension through to 31st October. However, if UK parliament can agree a deal, the UK can leave the EU before this date. The UK is required to participate in this year’s European elections, yet PM May has indicated that she still aims to leave by May 22 to avoid participation in EU elections.

Global Growth - the International Monetary Fund (IMF) stated that the world economy is in a “delicate moment.” As a result it lowered the growth forecast for 2019 to 3.3%, which would be the lowest growth rate since 2009.

US EU trade dispute – The White House is proposing new tariffs on imports from the European Union in response to the subsidies of Airbus SE. The EU is likely to retaliate with tariffs against the U.S. over its subsidies to Boeing. The EU is in the final stages of setting its mandate for negotiations with the U.S. while the euro area’s economy struggling, further pressure from the Trump administration is likely to push sentiment lower throughout the region.

Oil – Crude continues to rise, with a barrel of West Texas Intermediate at \$64 as increasing tensions with Iran and unrest in Libya cause supply concerns.

Market Summary

Global Equities – In general, global equity markets have declined this week. Markets have been unable to break their six month high as the earning season approaches. The IMF growth downgrade hurt investor sentiment, as markets ended their winning run.

Commodities – Oil prices continued to rise, with WTI having its sixth consecutive weekly gain, the best streak since 2016. Away from oil, iron ore prices continued to rise, passing \$93 a ton, as positive news flow from China showed steel mills replenishing their stocks from the winter production slowdown.

Fixed Income – the US 10 year treasury declined in value following strong data reports. The US jobless-claims report fell to 196,000, the lowest level since 1969. Producer prices in the US increased by 0.6% in March, above the 0.3% forecast.

Currency – US dollar weakened against most currencies, particularly against the euro. The euro jumped to a 3 week high, as German inflation remained steady. The German Wholesale Price Index remained produced a gain of 0.30%. The main focus in Emerging Markets was the Turkish lira, which declined as President Erdogan suggested there was widespread irregularities in the local elections.

Chart of the week



Source: Bloomberg 12/4/19

Key Economic Releases Next Week

| Monday | Tuesday | Wednesday | Thursday | Friday |
|-------------------|---|--|----------|--------|
| - UK House Prices | - UK Jobless Claims Change - UK Average Weekly Earnings - US Manufacturing Production | - UK CPI - UK RPI - US Trade Balance | | |

Market Performance

| Global Market Indices | 2019 YTD %* |
|-----------------------|-------------------|
| FTSE 100 | +10.73% |
| S&P 500 | +15.22% |
| Dax | +13.60% |
| Nikkei 225 | +9.27% |
| Hang Seng | +15.72% |
| Fixed Income | Yield % |
| UK 10 Yr Gilt | +1.18% |
| US 10 Yr Treasury | +2.54% |
| Commodities | 2019 YTD % |
| Gold | +0.89% |
| Currency | |
| GBP/USD | 1.3079 (12/04/19) |
| GBP/EUR | 1.1559 (12/04/19) |

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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