

Weekly Investment Update

3rd September 2021



News Headlines

Afghanistan withdrawal – The US completed its withdrawal from Afghanistan after the last of its planes took off from Kabul airport on Tuesday. This brought an end to a 20 year campaign that saw more than 2,400 Americans die, as well as tens of thousands of Afghans and spend of \$1 trillion since the conflict began. In Kabul, the Taliban and other Afghan leaders are said to have reached a consensus on the formation of a new government.

Delta variant – The delta variant of covid-19 continues to spread rapidly and cause disruption across the globe. Australia has seen a rapid rise in cases and hit a fresh daily record of cases this week, while New Zealand has extended a lockdown in Auckland. In the US, the White house is pushing for a rollout date of 20th September for booster jabs and in some southern states, hospitals are running low on oxygen as the region struggles to control outbreaks. Israel, the home to one of the world's fastest vaccination programmes, has reported a new daily record of cases this week, just as 2.4 million students have returned to school.

Japan's PM resigns – Japan's prime minister, Yoshihide Suga, is set to resign just one year after replacing Shinzo Abe. Mr Suga and his government have been criticised after struggling to contain surging Covid cases in the country, while continuing to host the Olympic games during a pandemic. Approval ratings have sunk below 30% amid rising infection rates and the contest to find his replacement will be held on the 29th September and the government is considering holding a general election on the 17th October.

Market Summary

Global Equities – Most major equity indices edged up throughout the week. Over in the US, the S&P 500 and Nasdaq composite hit fresh record highs, as they shrugged off concerns about a slowing economy, spreading of Covid-19 and a hurricane lashing the east coast. Asian stocks disregarded a slowing pace of manufacturing and a slump into contraction in the service sector, to post strong weekly gains. European stocks gained slightly throughout the week, and as at the end of August, gained for a seventh consecutive month as the re-opening trade continued.

Commodities – Oil prices (Brent Crude & WTI) headed for a weekly gain on Friday. A rebound in global demand was widely expected and a slow recovery for the US Gulf Coast export and refining hub from hurricane Ida earlier this week looked set to deplete stocks further.

Gold prices rose slightly over the week, though lacked any strong conviction buying. Wednesday's ADP report raised doubts about the US labour market recovery, further dampening prospects of an early Federal Reserve lift-off. A weaker US dollar is continuing to provide stability to prices of the yellow metal.

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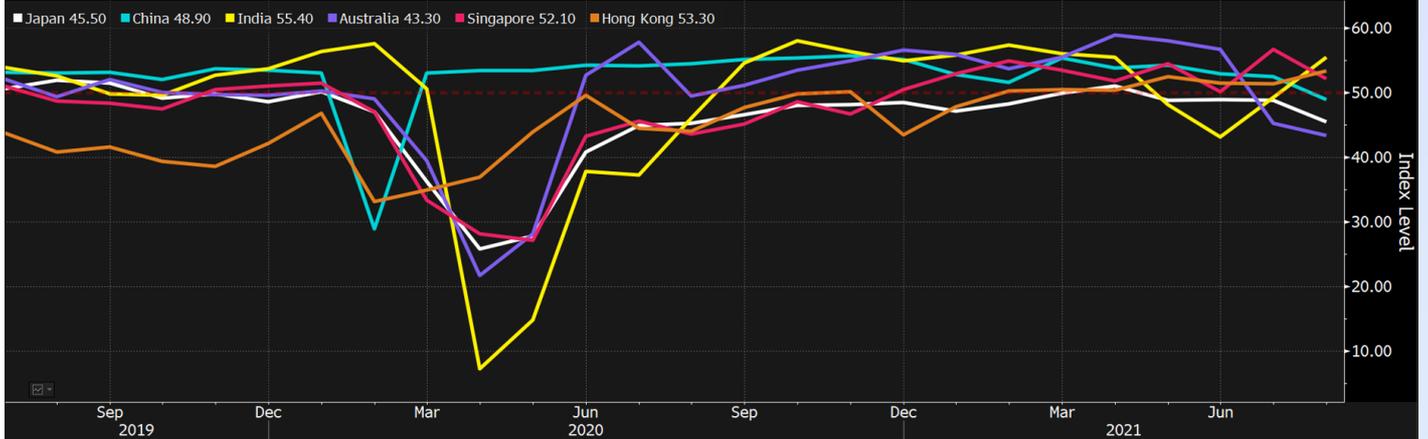
Ascencia Investment Management Limited Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.

T: 0161 886 8000 | E: enquiries@ascenciaim.co.uk | www.ascenciaim.co.uk

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Chart of the Week

Softening Manufacturing Outlook in Asia Pacific PMIs trending below 50.0 expansion territory



Source: Bloomberg – Asia Pacific manufacturing outlook weakens

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> - AUS cash rate decision - EU GDP yy - EU employment 	<ul style="list-style-type: none"> - BoC rate decision 	<ul style="list-style-type: none"> - ECB rate decision - China CPI 	<ul style="list-style-type: none"> - Germany CPI

Market Performance – 03/09/2021

Global Market Indices	2021 YTD %*
FTSE 100	12.21%
S&P 500	23.79%
DAX	15.40%
Nikkei 225	5.62%
Hang Seng	-2.87%
Fixed Income	Yield %
UK 10 Yr Gilt	0.68%
US 10 Yr Treasury	1.29%
Commodities	2021 YTD %
Gold	-4.55%
Currency	
GBP/USD	1.38 (03/09/2021)
GBP/EUR	1.16 (03/09/2021)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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