

» Weekly Investment Update

26th November 2021



News Headlines

Covid-19 – Covid is in the headlines once again, with the latest news sending a shockwave through global equity markets on Friday. A new variant of the virus (B.1.1.529), first discovered in Botswana, is believed to be behind a surge in covid cases in southern Africa over the past week and has alarmed global health officials due to its apparent ability to evade vaccines and spread more quickly than the Delta variant. The EU and the UK have moved to impose travel restrictions on a number of countries from the affected area. The World Health Organization are due to hold emergency talks on Friday to discuss the new variant, as market sentiment soured amid concerns the new variant could slow the global economic recovery.

Federal Reserve chair – US President Joe Biden selected current Federal Reserve chairman, Jerome Powell, for a second term as chair. The appointment had been widely expected by the market and is seen as a positive for risk assets. Lael Brainard, who has been on the board of governors of the Fed since 2014, has been nominated as vice chair. Brainard was favoured by the progressive left of the Democratic Party, who believe Powell has not done enough to tackle climate change and poverty and say he has weakened regulation of the financial markets.

German coalition deal – The centre-left SPD, the Greens and the liberal FDP have finally agreed a full coalition deal. In terms of economic measures, the most notable ones include a restoration of the debt brake from 2023, which has been suspended during the pandemic, as well as an increase in minimum wage to €12 an hour. Looking at covid measures, the leader of the coalition, Scholz, said that they would consider targeted vaccination mandates for those working with vulnerable groups, which came after a rejection of current Chancellor Merkel's suggestion of a two-week nationwide lockdown.

Market Summary

Global Equities – Global stocks were slightly down as at Thursday's close, as the MSCI World index returned -0.68% over the week. At Friday's open however, equities were rocked globally as investor sentiment quickly turned negative, with travel stocks among the hardest hit. The discovery of the new and potentially more infectious variant of covid-19, which has a high number of mutations in its spike protein giving it potential to evade current vaccines, has investors worried about the impact on global growth. In Asia, stocks were set for their worst session since March, with the Hong Kong Hang Seng leading the declines, as two cases of the new variant were discovered there late on Thursday, which could further isolate the Asian financial hub.

Commodities – Oil prices (Brent Crude & WTI) tumbled on the back of news of the new covid variant, pricing in further lockdowns and stricter travel restrictions. Friday's moves lower marked the steepest daily falls since July and follow this week's move by many countries to release strategic oil reserves, adding more supply to the market, and putting further downward pressure on prices.

Gold fell throughout the week, but bucked the market trend on Friday, rising 1% to \$1,802 per ounce, as investors looked for safe places to park their cash.

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor.

Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.



Address:
Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:
0161 886 8000
enquiries@ascenciaim.co.uk

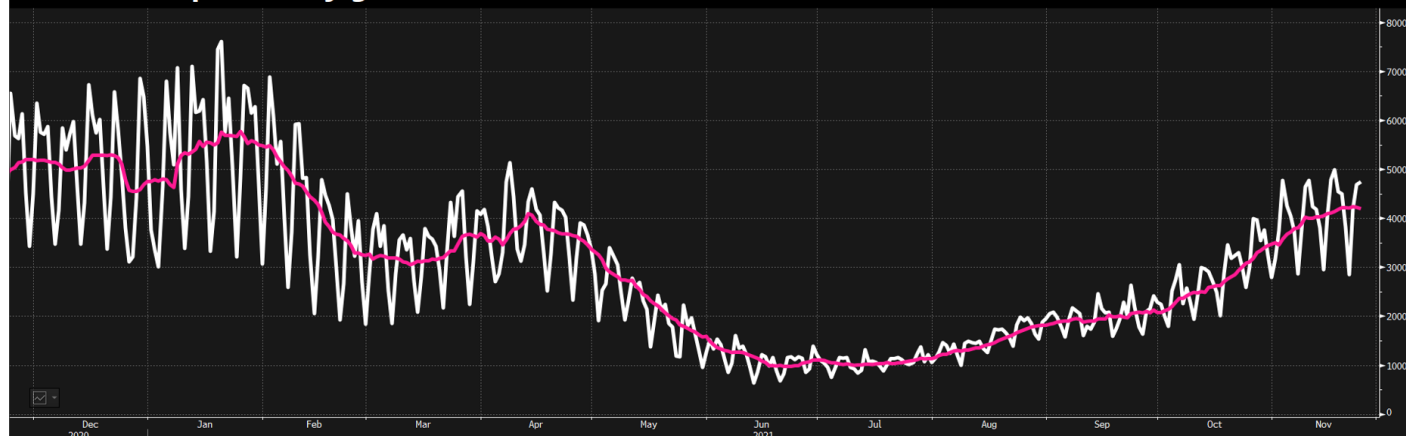


Web:
www.ascenciaim.co.uk

Chart of the Week

Covid Deaths in Europe

This chart explains why governments are so worried



Source: Bloomberg – Covid cases and deaths are on the rise in Europe

Key Economic Releases Next Week

| Monday | Tuesday | Wednesday | Thursday | Friday |
|----------------------|--|------------------------|---------------------------|--|
| - Japan unemployment | - Germany unemployment - US consumer confidence | - US manufacturing PMI | - Australia trade balance | - EU retail sales - US unemployment |

Market Performance – 26/11/2021

| Global Market Indices | 2021 YTD %* |
|-----------------------|-------------------|
| FTSE 100 | 14.58% |
| S&P 500 | 28.66% |
| DAX | 15.67% |
| Nikkei 225 | 9.14% |
| Hang Seng | -7.82% |
| Fixed Income | Yield % |
| UK 10 Yr Gilt | 0.90% |
| US 10 Yr Treasury | 1.59% |
| Commodities | 2021 YTD % |
| Gold | -4.08% |
| Currency | |
| GBP/USD | 1.33 (26/11/2021) |
| GBP/EUR | 1.18 (26/11/2021) |

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor.

Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.



Address:

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:

0161 886 8000
enquiries@ascenciaim.co.uk



Web:

www.ascenciaim.co.uk