

# » Weekly Investment Update

4<sup>th</sup> March 2022



## News Headlines

**Russia/Ukraine** – Russian military continue to advance into Ukraine, attacking both strategic targets and civilian areas. Overnight on Thursday, Russian military captured the Zaporizhzhia nuclear power plant in eastern Ukraine, Europe’s largest nuclear power plant. Ukraine officials told the International Atomic Agency that a fire that had started in the training complex of the plant had “not affected essential equipment” and that there had been no change reported in radiation levels near the plant. Peace talks between the two parties have been held this week, but without real progress. The two sides, however, reportedly reached an agreement regarding humanitarian corridors for evacuating civilians with a possible ceasefire during the evacuation. Vladimir Putin’s continued threats have spurred calls for Sweden and Finland to join NATO in a significant sentiment shift after Russian jets entered Swedish airspace on Wednesday.

**Central Banks** – The outlook for central banks in the current geopolitical landscape has become less certain. The Bank of Canada chose to raise interest rates, as expected, in the first major central bank policy decision since Russia’s invasion of Ukraine began. US Federal Reserve Chair, Jerome Powell, steered away from the possibility of a 50-basis point interest rate rise in March, instead saying that he was “inclined to propose and support a 25-basis point hike”. The European Central Bank’s Chief Economist, Philip Lane, said the bank will consider the economic consequences of the war when making its decision next week.

## Market Summary

**Global Equities** – Equities globally were once again led by the dominant theme of geopolitics this week, with the MSCI World Index losing -1.10% for the week as at Thursday’s close. Equities remained volatile, and as may be expected, European equities led the moves in major markets lower. Europe’s STOXX 600 Index fell to a 9-month low on Thursday, leaving it down more than 10% year-to-date. The UK FTSE 100 also fell sharply, falling below 7,000 points on Friday. In the US, equities indices held up relatively well after the Federal Reserve Chair’s more dovish comments midweek. The Russian stock market will be closed until at least next Wednesday in a bid to stave off the impact of global sanctions for domestic investors, as Russian stocks listed in London lost more than 90% of their value before getting suspended this week.

**Commodities** – This week has been all about commodity prices. Due to the ongoing invasion of Ukraine, commodity prices have spiked significantly throughout the week. West Texas Intermediate oil hit the highest levels seen since 2008 on Wednesday as traders continued to avoid Russian supply. Various metals and wheat all continued to rise, with the Bloomberg Commodity Spot Index on course for its biggest weekly gain since 1960.

**Fixed Income** – The US 2 and 10-year yield curve is at its lowest level since March 2020 after the Russian capture of the Ukrainian nuclear power plant. European sovereign bond yields moved lower amidst the risk-off tone, as markets pushed back the odds of the European Central Bank given the ongoing conflict.

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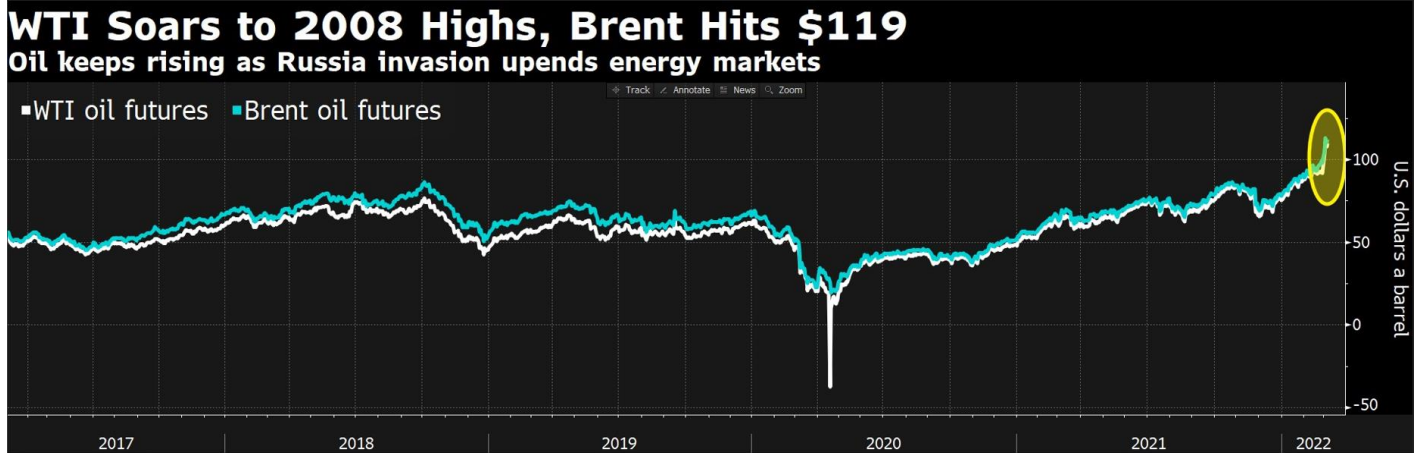
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## Chart of the Week



Source: Bloomberg – WTI oil soars on the back of the Russian invasion of Ukraine

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Europe GDP	- China CPI yy	- ECB rate announcement - US CPI yy	-

## Market Performance – 04/03/2022

Global Market Indices	2022 YTD %*
FTSE 100	-1.51%
S&P 500	-8.29%
STOXX 600	-10.15%
Nikkei 225	-9.25%
Hang Seng	-3.97%
Fixed Income	Yield %
UK 10 Yr Gilt	1.28%
US 10 Yr Treasury	1.85%
Commodities	2022 YTD %
Gold	5.90%
Currency	
GBP/USD	1.33 (04/03/2022)
GBP/EUR	1.20 (04/03/2022)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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