

# Weekly Investment Update

22<sup>nd</sup> April 2022



## News Headlines

**IMF growth forecast** – The International Monetary Fund (IMF) highlighted the fragile state of the global economy this week, as it struggles to live with the lingering effects of the Covid pandemic and the ongoing war in Ukraine. The IMF expects global prices to rise 7.4% this year, higher than the 3.2% it forecast in 2020 as high food and energy prices persist. The fund also cut its global growth forecast for 2022 to 3.6%, down 0.8% since its January projection. The slash in forecast came as risks had worsened considerably due to the war in Ukraine putting the brakes on the idea that this year, we would see a strong economic recovery from the pandemic.

**New Russian offensive** – Russia has launched a “second phase” of the war in Ukraine. Russian forces took a pocket of territory on the east, threatening to encircle an area at the top of the eastern front that holds as much as 40% of Ukrainian troops in the region. President Vladimir Putin also announced that Russia has “liberated” Ukraine’s Mariupol, as officials in Kyiv have called for urgent talks to save lives of the fighters and civilians in the city. On top of the new phase of the invasion, Russia announced that it had test fired a new intercontinental ballistic missile, capable of evading “any defence system” that Putin said should provide “food for thought” for those who try and threaten his country.

## Market Summary

**Global Equities** – Major global equity returns were muted as at Thursday’s close, with the MSCI World index posting a slight gain of 0.09%. Equities struggled for direction throughout the week, but sentiment turned negative on Thursday after Federal Reserve Chairman, Jerome Powell, toughened the central bank’s stance on inflation and interest rates. In the US, the S&P 500 fell flat after posting its best one-day gain in over a month at the start of the week, while the technology heavy Nasdaq composite fell sharply after earlier gains, as growth stocks came under pressure from rising bond yields. In Asia, the Hong Kong Hang Seng index saw losses of c.4%, while Japan’s Nikkei 225 had its gains from throughout the week reversed on Friday. In the UK, the FTSE 100 stayed level until Friday, where a sharp drop in retail sales sparked concerns about the country’s economic growth and pushed equities lower.

**Commodities** – Both oil contracts ended the week lower, extended recent losses on global growth concerns, higher interest rates and Covid lockdowns in China further weakening demand. Analysts at Morgan Stanley, however, see Brent Crude oil prices hitting \$130 per barrel in Q3 2022 due to a greater-than-expected supply deficit driven by Russia and Iran.

Gold prices have fallen to their lowest levels in two weeks as US Treasury yields surged, which curbed the appeal of the non-interest-bearing metal.

**Fixed Income** – The global bond rout continued, as US 10-year Treasury yields jumped amid a debate on whether inflation may be peaking. The notion that inflation may now be peaking helped inflation-adjusted rates return to positive territory for the first time in two years this week. This can be seen as a sign that investors believe that the Federal Reserve can raise interest rates to cool inflation without severely hurting the economy.

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

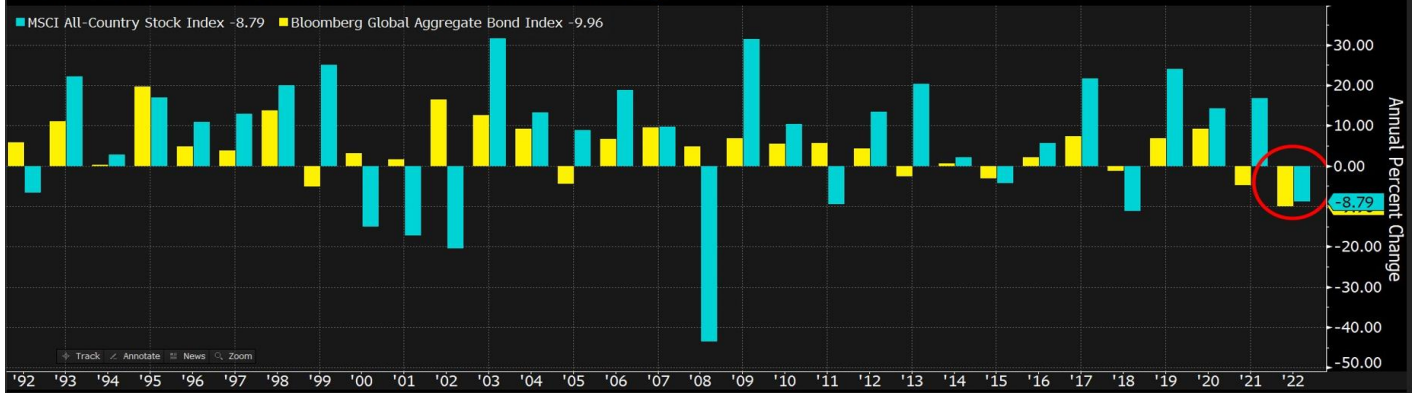


**Web:**

www.ascenciaim.co.uk

## Chart of the Week

### An Extremely Rare Year in Markets Both stocks and bonds are down simultaneously



Source: Bloomberg – Extremely rare market event occurs as both stocks and bonds fall simultaneously in 2022

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> <li>- Japan unemployment</li> <li>- US consumer confidence</li> </ul>	<ul style="list-style-type: none"> <li>- Australia CPI yy</li> </ul>	<ul style="list-style-type: none"> <li>- Germany CPI yy</li> </ul>	<ul style="list-style-type: none"> <li>- Germany GDP flash yy</li> <li>- EU inflation flash yy</li> </ul>

## Market Performance – 22/04/2022

Global Market Indices	2022 YTD %*
FTSE 100	4.70%
S&P 500	-7.54%
STOXX 600	-4.68%
Nikkei 225	-4.30%
Hang Seng	-11.29%
Fixed Income	Yield %
UK 10 Yr Gilt	1.98%
US 10 Yr Treasury	2.92%
Commodities	2022 YTD %
Gold	6.12%
Currency	
GBP/USD	1.30 (22/04/2022)
GBP/EUR	1.20 (22/04/2022)

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