

# » Weekly Investment Update

20<sup>th</sup> May 2022



## News Headlines

**UK Recession risk** – UK consumer confidence has fallen to its lowest levels in at least 48 years, sparking fears that the country could slip into recession in 2022. The recent surge in the cost of living has left people in a more pessimistic mood than in the 1970's energy crisis and during the recession post the 2008 GFC. Sentiment measures from market researcher GfK fell two points to minus forty, the lowest since records began in 1974 as Bank of England Governor, Andrew Bailey, warned that rising food costs could have “apocalyptic” consequences.

**NATO** – Both Finland and Sweden have formally submitted their applications to become member states of the North Atlantic Treaty Organization (NATO) in the wake of increased security concerns over the Russian invasion of Ukraine. The applications must be considered by all 30 member states of the alliance. One country that has expressed concern over the applications was Turkey, with Turkish President, Recep Tayyip Erdogan, hinting that Turkey could use its veto power to block the move. The Turkish leader accused the Scandinavian countries of supporting Kurdish militants.

## Market Summary

**Global Equities** – Most major equity indices globally posted negative returns for the week as at Thursday's close, with the MSCI World index losing -1.77% over the week. In the US, indices fell sharply midweek as the risk of recession intensified after disappointing earnings reports from two of the biggest US retailers highlighted how companies and consumers are struggling under mounting cost pressures. The S&P 500 was on track on Friday to deliver its longest stretch of weekly losses since the dotcom bubble collapse more than twenty years ago. Investment banks, however, still forecast the S&P 500 to finish much higher than current levels by the end of the year. Over in Asia, stocks rallied, providing positive weekly returns after the People's Bank of China cut its benchmark mortgage lending rate by the most on record to try and prop up the declining property sector.

**Commodities** – Both oil contracts (Brent Crude & WTI) made slight gains as the planned European ban on Russian oil balanced out investor concerns about weakening economic growth hitting demand. Worryingly for people in the United States, petrol “gas” prices have now surged above \$4 per gallon at the pump in every state for the first time in history.

Gold prices rallied sharply versus the US dollar throughout the week, climbing above \$1,840 per ounce. The precious metal posted its best daily gain in over a month on Thursday as the sell-off in stocks continued after the disappointing retail earnings reports in the US kept investors on edge about the effects of surging inflation on the economy.

**Fixed Income** – With recessionary concerns in focus, sovereign bonds rallied on both sides of the Atlantic as risk-off sentiment took hold. In the US, the yield curve continued to flatten, with the 2/10-year spread falling to its lowest level in two weeks.

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

### S&P 500 Nears Bear Market Futures nearing 20% drawdown from peak



Source: Bloomberg – The US S&P 500 nears a 20% drawdown from its recent peak

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Japan unemployment	- German CPI preliminary	- US jobless claims	

## Market Performance – 20/05/2022

Global Market Indices	2022 YTD %*
FTSE 100	0.60%
S&P 500	-17.82%
STOXX 600	-9.37%
Nikkei 225	-7.40%
Hang Seng	-13.63%
Fixed Income	Yield %
UK 10 Yr Gilt	1.88%
US 10 Yr Treasury	2.84%
Commodities	2022 YTD %
Gold	0.55%
Currency	
GBP/USD	1.24 (20/05/2022)
GBP/EUR	1.17 (20/05/2022)

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