

# » Weekly Investment Update

8<sup>th</sup> July 2022



## News Headlines

**Boris Johnson resigns** – UK prime minister, Boris Johnson, announced his resignation on Thursday, bringing his three years in office to an end. Marred by a succession of scandals, the prime minister's own cabinet and party MPs rebelled against him, urging him to hand in his resignation. Mr Johnson will now stay on as caretaker prime minister until October, with his successor set to be installed in time for the party's annual conference. The current Secretary of State, Ben Wallace, is favourite to become the new leader of the Conservative Party.

**Federal Reserve minutes** – In the latest Federal Reserve meeting minutes, the members of the Federal Open Market Committee (FOMC) once again underscored their commitment to getting inflation down. Most of the committee members saw the risk of entrenched inflation and signalled that a 0.50% or 0.75% interest rate increase is most likely in July.

**Shinzo Abe** – In a significant act of political violence, Japan's longest serving prime minister, Shinzo Abe, died on Friday after being shot during a campaign speech in the Japanese city of Nara. Since stepping down as prime minister two years ago he remained an influential figure of parliament as the head of the ruling Liberal Democratic party's largest faction.

## Market Summary

**Global Equities** – Equity markets staged a comeback from their recent declines, seeing the MSCI World Index posting a gain of +1.95% for the week as at Thursday's close. The US S&P 500 has managed to overlook the "wall of worry" in July to finish in positive territory every day since the start of July, with the first four consecutive day increase since March. The gains in the US were led by energy stocks and chipmakers as oil prices reversed their drop below \$100 per barrel and Samsung posted stronger than expected earnings. Stocks in Europe, Asia and the UK followed a similar pattern, finishing the week in positive territory.

**Commodities** – Several key commodity prices suffered sharp declines throughout the week as concerns of a recession in the near future continue and the US dollar remains strong. Both oil contracts (Brent Crude & WTI) fell below \$100 per barrel for the first time since April but bounced back slightly towards the end of the week.

Looking at metals, gold hit a 10-month low hovering just above \$1,700 per ounce. The industrial bellwether, copper, saw the biggest quarterly decline in more than a decade at the end of June and is currently trading at the lowest level since November 2020.

**Fixed Income** – Short dated (2 year) and long dated (10 year) US Treasury yields remain inverted after short dated yields had their largest one-day move higher since the Federal Reserve hinted that interest rates could rise by 0.75% in June. Short dated sovereign bond yields climbing higher than long dated yields usually indicate that a recession is on the horizon.

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



Source: Bloomberg – Short dated sovereign bond yields in the US are currently higher than long dated bond yields, suggesting a recession is on the way

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		<ul style="list-style-type: none"> <li>- Germany CPI yy</li> <li>- US CPI yy</li> <li>- Bank of Canada rate decision</li> </ul>	<ul style="list-style-type: none"> <li>- US PPI inflation yy</li> </ul>	<ul style="list-style-type: none"> <li>- China GDP yy</li> </ul>

## Market Performance – 08/07/2022

Global Market Indices	2022 YTD %*
FTSE 100	-2.26%
S&P 500	-17.94%
STOXX 600	-13.84%
Nikkei 225	-8.60%
Hang Seng	-4.84%
Fixed Income	Yield %
UK 10 Yr Gilt	2.11%
US 10 Yr Treasury	2.99%
Commodities	2022 YTD %
Gold	-4.94%
Currency	
GBP/USD	1.20 (08/07/2022)
GBP/EUR	1.18 (08/07/2022)

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