



» Weekly Investment Update

25th November 2022

News Headlines

FOMC minutes – The monetary policy decisionmakers at the US Federal Reserve central bank, the Federal Open Markets Committee, released minutes from the latest meeting regarding the future path of the bank’s interest rate. The minutes showed that most of the bank’s officials agree that the pace of interest rate rises in the US should slow in the next meetings, which supported market expectations that we will see a 0.50% rise in December, ending a run of aggressive 0.75% increases in the last couple of meetings. The committee also stressed that interest rates are likely to go “somewhat higher” than was previously expected due to stronger-than-expected inflationary pressures.

Covid zero – China has once again imposed strict Covid-19 lockdown measures after a new wave of cases swept across the country. The restrictions have now been enforced on a fifth of China’s economy, with local officials defying the central government’s call for more targeted, less disruptive measures.

Economic slowdown – The Institute of International Finance has predicted that the global economy will be as weak in 2023 than it was in 2009 after the Great Financial Crisis, as the conflict in Ukraine risks becoming a “forever war”. They indicated that global growth would expand by 1.2%, while the Eurozone will contract by 2%, with the severity of the slowdown being led by the trajectory of the war in Ukraine.

Market Summary

Global Equities – This week, US stock markets were closed for the Thanksgiving holiday on Thursday. The limited timeframe saw the MSCI World index gain +0.64% for the week as at Wednesday’s close. There were fresh signs that risk appetite is continuing to grow amongst investors after some positive economic data releases and further rhetoric that central banks may not hike interest rates as aggressively as once feared. Elsewhere, equities in the UK (FTSE 100) and Europe (STOXX 600) provided positive returns of 1.48% and 1.89% respectively for the week, while in Asia, Chinese equities fell once again after fresh batches of covid lockdown restrictions were imposed, confirming the uncertainty in Chinese markets. The Hong Kong Hang Seng index declined, losing -2.27% throughout the week.

Commodities – Broadly, commodities prices gained over the week. Oil prices remained flat after a volatile week. Prices dropped significantly midweek after reports suggested that the EU were discussing a price cap on Russian oil but regained most of the loss by the end of the week.

Gold prices slipped slightly but remain around the \$1,750 per ounce mark as the US Federal Reserve indicated less hawkish monetary policy going forward.

Fixed Income – Bonds gave positive returns throughout the week as sovereign bond yields fell. Bond yields across the US and Europe dropped after the market interpreted the latest key central bank minutes. According to JP Morgan, there is an emerging consensus view that softening growth and declining inflation in 2023 will contribute to the decline in bond yields, which will be positive for bond returns going forward.

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. This is for professional advisers only and clients should refer directly to an independent financial adviser.

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

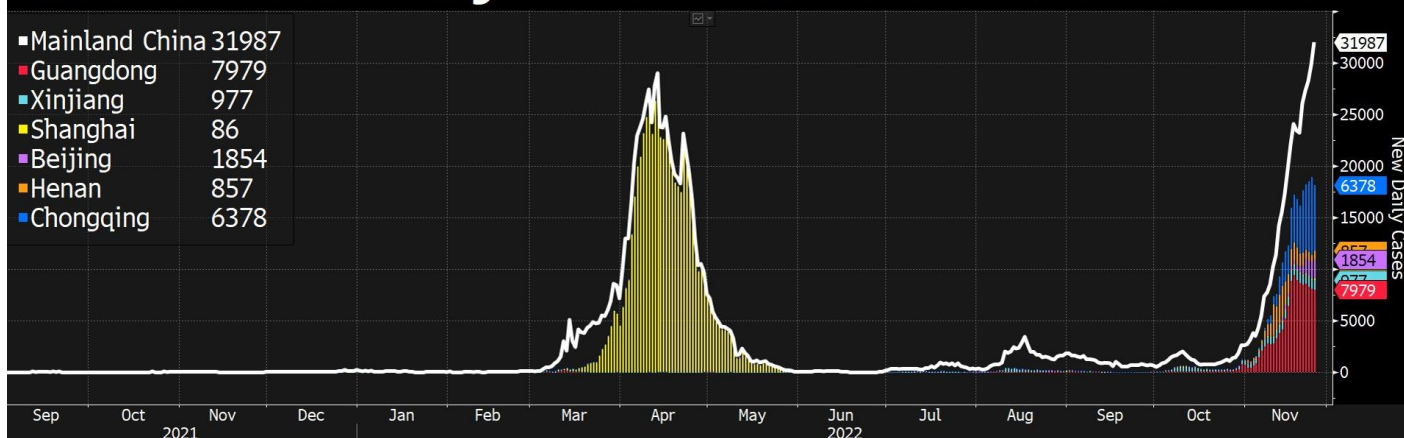


Web:

www.ascenciaim.co.uk

Chart of the Week

China's New Daily Local Covid Cases Hit Record



Source: Bloomberg – China's covid cases hit new record as lockdowns are imposed.

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Australia retail sales mm - Japan unemployment rate	- Germany preliminary CPI yy - US consumer confidence	- European inflation yy - Germany unemployment - China NBS manufacturing PMI	- US initial jobless claims - US ISM manufacturing PMI	- US employment rate - Australia building approvals

Market Performance – 25/11/2022

Global Market Indices	2022 YTD %*
FTSE 100	3.25%
S&P 500	-14.28%
STOXX 600	-7.73%
Nikkei 225	-1.49%
Hang Seng	-21.97%
Fixed Income	Yield %
UK 10 Yr Gilt	3.08%
US 10 Yr Treasury	3.66%
Commodities	2022 YTD %
Gold	-3.81%
Currency	
GBP/USD	1.21 (25/11/2022)
GBP/EUR	1.16 (25/11/2022)

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. This is for professional advisers only and clients should refer directly to an independent financial adviser.

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