ascencia
Investment Management

Weekly Investment Update

24th March 2023

News Headlines

Central Bank Rate Decisions – In the US, the Federal Reserve chose an interest rate increase over a pause this week, raising rates by 0.25% to a range of 4.75% - 5%. Markets had originally priced in a rate hike of 0.50%, however, with the fall of Silicon Valley Bank and Credit Suisse last week, markets grew increasingly doubtful that the Federal Reserve would go ahead with a rate hike at all. Equity markets initially rose in response, but soon dropped after Federal Reserve Chairman, Jerome Powell, and Treasury Secretary, Janet Yellen, gave contradicting speeches soon after the rate announcement.

It was a similar story in the UK, with the Bank of England (BoE) announcing a rate hike of 0.25% this week. This signalled their 11th rate hike in a row, raising rates to 4.25%. The BoE was all but forced to raise rates as data released earlier in the week revealed that UK inflation had unexpectedly increased on the back of surging food and beverage prices. The Consumer Price Index (Central Bank's most popular measure of inflation and deflation) rose to 10.4% year-on-year last month, an increase from 10.1% seen in January.

Xi and Putin Meeting – Russian President, Vladimir Putin, welcomed Chinese leader, Xi Jinping, to Moscow this week as part of a 3-day state visit. This symbolic show of support comes only days after the International Criminal Court called for the arrest of Putin for war crimes committed in Ukraine. According to Chinese officials, Xi's visit to Russia was a 'peace mission', but the US and the West have accused him of wanting to bolster Putin's agenda. Peace plans proposed by Xi fail to condemn Russia and do not mention the withdrawal of Russian troops from Ukraine. The US responded by warning that this could be a 'stalling tactic' by China to help Russian troops on the ground.

Market Summary

Global Equities – Global equity indices made significant gains this week as markets rushed to price in the US Federal Reserve pausing its rate hikes at their next meeting in May. However, comments from Janet Yellen and a renewed weakness in banks did sour market sentiment later in the week, which saw the rally cool. The UK FTSE 100 and Europe's STOXX 600 both finished the week up at 2.34% as of Thursday's close. The US S&P 500 didn't respond as positively, but still finished the week up 0.84% as of Thursday's close, thanks in part to technology stocks out performing.

Commodities – Oil prices made a major recovery this week as markets grew more confident that central banks and regulators have done enough to avoid a major banking crisis. Despite gains made in oil, natural gas prices fell significantly, hitting a 20-month low on the back of rising temperatures and above average gas inventories. This saw the Bloomberg commodity index finish the week slightly negative, down -0.04% for the week as of Thursday's close.

Gold performed well, responding to a less hawkish stance from the Federal Reserve. Markets are pricing rate cuts which is helping push gold towards the $2,000 per ounce mark, with record highs not far away.

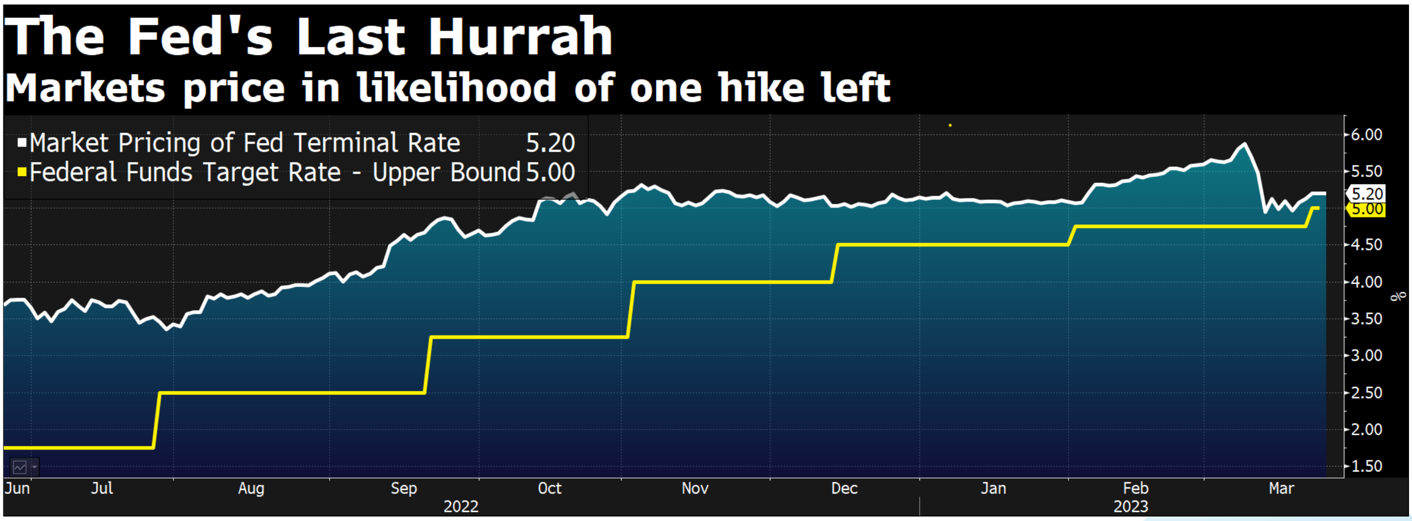
Fixed Income – Markets are starting to price in a lower inflation environment, which has seen US Treasury and European bond yields drop. This is reflected in the Bloomberg Global Aggregate index, which finished the week up 0.97% as of Thursday's close.

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 – Markets are pricing in the likelihood of one hike left from the Fed

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- US consumer confidence		- Japan unemployment rate - Germany CPI yy	- Europe inflation yy

Market Performance – 24/03/2023

Global Market Indices	2023 YTD %*
FTSE 100	1.68%
S&P 500	3.26%
STOXX 600	5.64%
Nikkei 225	5.15%
Hang Seng	1.73%
Fixed Income	**Yield %**
UK 10 Yr Gilt	3.31%
US 10 Yr Treasury	3.41%
Commodities	**2023 YTD %**
Gold	9.12%
Currency	
GBP/USD	1.23 (24/03/2023)
GBP/EUR	1.13 (24/03/2023)

Source: FE Analytics/ Bloomberg.com **Total Return/Local currency*