

» Weekly Investment Update

31st March 2023



News Headlines

European Inflation – Inflation in the eurozone fell sharply to its lowest level for a year after a decline in energy costs. Consumer prices in the euro area rose by 6.9% year-on-year in March, down from 8.5% in February. The drop comes after a 0.9% fall in energy prices, which was much steeper than economists had expected. Although European Central Bank officials have already signalled that more interest rate rises are still to come in the next meetings, the fall in inflation will support demands for the bank to stop raising interest rates which are currently at their highest levels since the 2008 financial crisis.

UK GDP – The UK's GDP (gross domestic product) figure was revised up to 0.1% in the fourth quarter of 2022 from an initial estimate of zero growth. GDP as a whole in 2022 is now estimated to have risen to 4.1%, up from a previous estimate of 4%. Growth still remains below pre-pandemic levels, but a technical recession has been narrowly avoided, with the Office of National Statistics stating that the improved performance was driven by growth in the telecommunications, construction, and manufacturing sectors.

Trump Indicted – As former US President Donald Trump continues his 2024 election campaign, he has now been indicted in New York following a year-long investigation which has led to the first criminal charges against a former US president in the country's history. The charges against Trump include claims that he, through his lawyer Michael Cohen, paid \$130,000 to an adult film actor, Stormy Daniels, in 2016 to cover up an alleged affair, claiming the payments as a business expense. Trump has called the indictment "political persecution" as he runs as a Republican candidate for president in 2024.

Market Summary

Global Equities – Risk sentiment remained positive through the week, with volatility easing after the banking turmoil seen over the last weeks. Global equity indices provided healthy returns, with the MSCI World index posting a gain of 2.6% for the week as at Thursday's close. Technology stocks continued to outperform as investors speculate that weakening economic data and recession fears may stop the Federal reserve raising interest rates sooner than expected, and in the US, the NASDAQ index maintained its trajectory for its best quarter since 2020. The index currently sits in a bull market after gaining more than 20% since its lows on December 28th last year.

Commodities – Commodity prices rose, with the Bloomberg Commodity index returning 1.33% for the week as at Thursday's close. Gold prices stayed flat and struggled to maintain recent levels of just under \$2,000 per ounce amid easing global banking concerns and reduced safe haven demand. Oil (Brent Crude & WTI) on the other hand surged higher throughout the week due to supply constraints after a clash between Iraq and the Kurdish region restricted exports of oil equating to a reduction of around 400,000 barrels a day.

Fixed Income – The Bloomberg Global Aggregate index saw a decline of -0.5% for the week as at Thursday's close. Bond yields rose as improving risk sentiment saw investors lower their expectations of an interest rate cut from the US Federal Reserve, with the market now pricing in a 53% chance that the bank raises rates by 0.25% at May's meeting.

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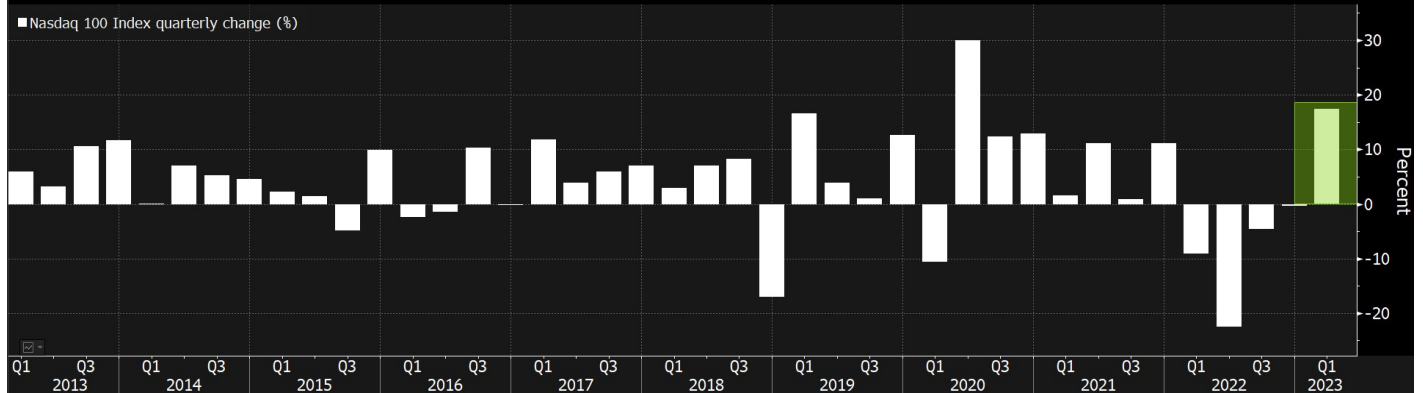
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Chart of the Week

Nasdaq 100's Best Quarter Since 2020

One of the strongest quarters in over a decade



Source: Bloomberg – The tech heavy Nasdaq 100 has its best quarter since 2020

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Australia cash rate decision	- US ADP employment rate		- US employment rate

Market Performance – 31/03/2023

Global Market Indices	2023 YTD %*
FTSE 100	3.40%
S&P 500	5.95%
STOXX 600	7.86%
Nikkei 225	7.45%
Hang Seng	3.05%
Fixed Income	Yield %
UK 10 Yr Gilt	3.51%
US 10 Yr Treasury	3.55%
Commodities	2023 YTD %
Gold	8.84%
Currency	
GBP/USD	1.14 (31/03/2023)
GBP/EUR	1.24 (31/03/2023)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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