



Weekly Investment Update

28th April 2023

News Headlines

Ukraine & China phone call – Ukrainian President, Volodymyr Zelenskyy, has said that he has spoken to Chinese President, Xi Jinping, for the first time since Russia invaded Ukraine. Without revealing the main details of the call, Zelenskyy said the call was “long and meaningful”, while Xi, who is attempting to act as peacemaker between Russia and Ukraine, has stated that China would send a representative to Ukraine for negotiations to begin on resolving the ongoing crisis.

US debt ceiling – Pressure is mounting on US President, Joe Biden, to open talks with Republicans over raising the US’s ever increasing \$31.4 trillion debt ceiling as US payment default looms this summer. The US House of Representatives passed a bill on Wednesday which would raise the debt ceiling by \$1.5 trillion, but would also see spending slashed to 2022 levels, capped growth of 1% a year, repealing of some tax incentives for renewable energy, and stiffen work requirements for some antipoverty programmes. The Democrats have been insisting that the debt limit increase has no strings attached, however, Republicans believe that Biden is putting the US economy in jeopardy by a lack of action, and that the Treasury Department could run out of ways to pay its bills within a matter of weeks.

US GDP – US economic growth slowed sharply in the first quarter of 2023 as the Federal Reserve continued its monetary tightening campaign. The economy grew by 1.1% on an annualised basis over the quarter, sharply lower than the 2.6% growth registered in the last quarter, and less than analysts’ estimate of 2%. The economy continues to show some strengths as consumer spending and job growth remain resilient, however, business spending/activity cooled.

Market Summary

Global Equities – Global equities capped off a fairly eventful week with a slight decline, with the MSCI World index losing -0.19% for the week as at Thursday’s close. Investors are dealing with two different stories in the US equity markets, as the regional banking sector in the US remains on shaky ground, while the tech sector continues to perform well after positive earnings updates. The positive “big tech” earnings pulled the S&P 500 higher towards the end of the week, finishing up 0.05% for the week as at Thursday’s close.

Commodities – Commodities finished the week lower, as the Bloomberg Commodity index declined by - 2.12% as at Thursday’s close. Oil prices (Brent Crude & WTI) fell sharply lower over the week, impacted by concerns of an economic slowdown in the US. Gold remains below \$2,000 per ounce, weighed down by stronger-than-expected US inflation and labour market data.

Fixed Income – Global bonds remained relatively unchanged as the Bloomberg Global Aggregate index returned just 0.28% for the week as at Thursday’s close.

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Address:
Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:
0161 886 8000
enquiries@ascenciaim.co.uk

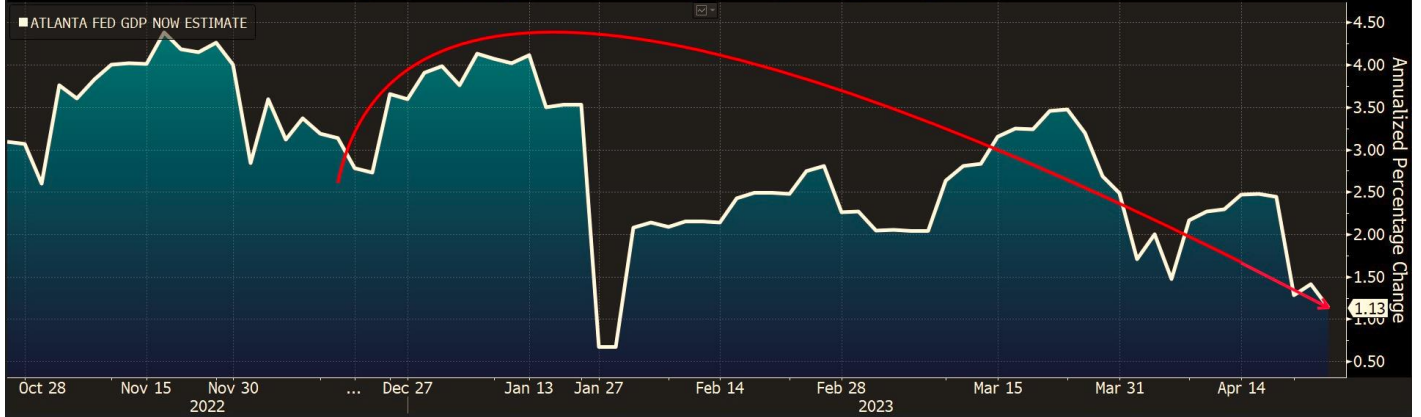


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Chart of the Week

The Trend Is Not A Friend

The economy started the year strong but is fading badly as Q2 begins



Source: Bloomberg – The US economy continues its downtrend in the first quarter

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> - Eurozone flash inflation yy - Australia cash rate decision 	<ul style="list-style-type: none"> - US FOMC Rate Announcement 	<ul style="list-style-type: none"> - European Central Bank rate announcement 	

Market Performance – 28/04/2023

Global Market Indices	2023 YTD %*
FTSE 100	6.55%
S&P 500	8.26%
STOXX 600	10.70%
Nikkei 225	10.12%
Hang Seng	0.71%
Fixed Income	Yield %
UK 10 Yr Gilt	3.79%
US 10 Yr Treasury	3.52%
Commodities	2023 YTD %
Gold	8.84%
Currency	
GBP/USD	1.25 (28/04/2023)
GBP/EUR	1.13 (28/04/2023)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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