Weekly Investment Update

8th September 2023

News Headlines

China's Trade Slumps – Recently published data reveals that China's August exports and imports continued to decrease due to weakened overseas demand and reduced consumer spending, putting pressure on businesses. Whilst declines were slower than anticipated, indicating that there is possible stabilisation in China's economic downturn, they remain far short of the growth economists anticipated earlier in the year. China's economy is at high risk of missing their annual growth target of 5% as officials tackle a worsening property market, declining consumer spending and sinking credit growth.

Eurozone Business Activity – Economic activity in the Eurozone shrank more than originally anticipated in August, with the bloc's largest economy, Germany, contracting the most. This complicates things for the European Central Bank (ECB), who aim to control price rises, but without causing a recession. Despite the presence of elevated inflation, the ECB is expected to halt its interest rate hikes at the upcoming meeting. However, recent data suggests that this pause doesn't necessarily mean the peak for interest rates, as the likelihood of additional rate increases by the end of the year remain a very real possibility.

US Depleted Uranium Shells – This week, the United States unveiled a fresh aid package for Ukraine, which includes the contentious utilisation of depleted uranium munitions, primarily used by tanks. The utilisation of depleted uranium is a subject of intense debate. Russia has strongly criticised this move, asserting that the US will need to answer for the "very sad consequences" of its decision.

Market Summary

Global Equities – Surprising strength in US economic data raised concerns about the necessity of maintaining higher and more prolonged interest rates. In addition, the potential tightening of social media regulations led to a decline in the technology sector, resulting in a -1.49% drop in the NASDAQ 100 index for the week, as of Thursday's closing. Consequently, the broader market also experienced a weekly decline, with the MSCI World index finishing down -0.86% for the week, as of Thursday's close. Statements from the Bank of England indicated that they may be nearing the end of their interest rate hiking cycle, this combined with a rally in the oil market pushed the FTSE 100 index up, leading to a positive weekly performance of +0.07% as of Thursday's close.

Commodities – Gold and other precious metal prices struggled as investors shifted into the US dollar amidst growing concerns about a global recession. This comes as developing economies grapple with elevated interest rates imposed by Western central banks and substantial exposure to a deflating Chinese economy.

In contrast, oil prices continued their upwards trajectory in response to news that Russia and Saudi Arabia would be voluntarily cutting oil supplies. Oil prices (WTI & Brent Crude) finished the week +1.54% and +1.55% respectively, as of Thursday's close.

Fixed Income – Negative market sentiment has seen investors move into government bonds as they seek a safe place for their investments. This has seen global government yields, such as the US Treasury and UK Gilt, all rise.

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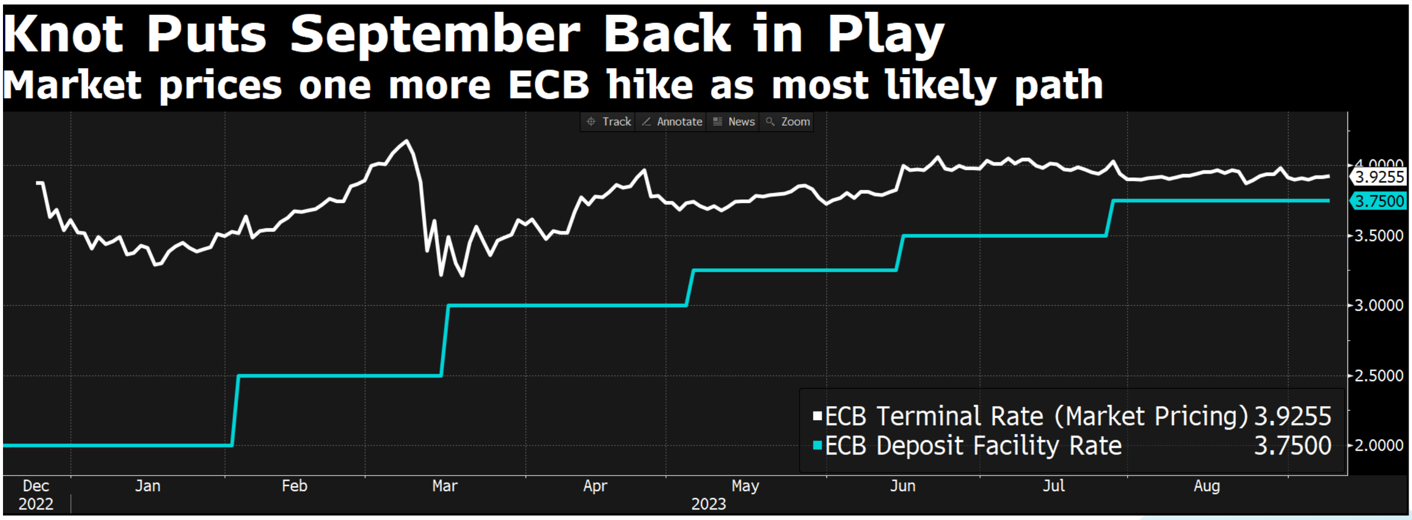
Chart of the Week



Source: Bloomberg – Markets are pricing in one more ECB rate hike

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- UK claimant count rate	- US CPI yy	- European Central Bank rate decision - US PPI inflation yy	

Market Performance – 08/09/2023

Global Market Indices	2023 YTD %*
FTSE 100	2.84%
S&P 500	17.26%
STOXX 600	9.98%
Nikkei 225	27.98%
Hang Seng	-4.98%
Fixed Income	**Yield %**
UK 10 Yr Gilt	4.42%
US 10 Yr Treasury	4.25%
Commodities	**2023 YTD %**
Gold	4.86%
Currency	
GBP/USD	1.25 (08/09/2023)
GBP/EUR	1.17 (08/09/2023)

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