

# Current Update

January 2019



## Market Commentary

Following 2018, when nearly all asset classes were down for the year, 2019 has started well. In January nearly all the Anchor, Enhancer and Diversifier assets that we track were positive in sterling terms although many of them have some way to go to make up the ground they lost last year. Much of the gain appears to be built more on hope than any facts but the fears of a slowdown, trade wars, higher interest rates and political bickering seem to have been put aside, at least temporarily.

In the UK the main story was obviously Brexit. Prime Minister May's delay on her Withdrawal Agreement made no difference to the magnitude of her defeat on January 15th. By January 29th however the promise of an attempt to renegotiate, in 60 days, the agreement that had taken 700 days to finalise, seemed to offer many hope that a solution will be found. Meanwhile UK economic data remained robust. Job growth and wages remained positive although retail continued to struggle and there were signs that construction and investment were being affected by the Brexit uncertainty. For now though, the FTSE-100 index of leading shares was in an optimistic mood, and closed January up 4% with sterling also rising 3% against the US Dollar.

Away from Brexit, it wasn't a terribly good month with regards to economic data for Europe with even Germany showing signs of stagnation. Italy reported a return to recession in the final half of 2018 which is worrisome given ECB rates are still very much anchored near zero. Despite this, equities followed the global trend with both Germany and France gaining nearly 6%.

In the US, the government 'shutdown' continued, as Congress battled with President Trump over funding a wall along the US-Mexico border. This didn't seem to overly impact investors as good jobs data and falling inflation boosted confidence. The most positive news came from rising expectations that Donald Trump and Chinese Premier Xi Jinping will agree a cessation of the escalating trade war.

Focussing on corporate issues, the month got off to a bad start for Apple as it cut its sales forecast, blaming economic weakness in China. Those same fears sent the Dow Jones index sharply lower in the first week of the year, with the Dow falling 2.8% in one day and other markets across the world also seeing significant falls.

In Emerging Markets there was a broad disparity of performance in January. The Brazilian stock market rose 11% while the Indian Index only gained 1% - which made it negative in Sterling Terms - as domestic liquidity issues affected returns.

## 10 Key Events to Watch:

UK		Previous	Forecast
Monday, Feb 11, 2019	GDP (QoQ)	0.6%	0.6%
Monday, Feb 11, 2019	Manufacturing Production	-0.3%	0.3%
Wednesday, Feb 13, 2019	CPI (YoY)	2.1%	-
Friday, Feb 15, 2019	Retail Sales (MoM) (Jan)	-0.9%	-
Tuesday, Feb 19, 2019	Unemployment Rate (Dec)	4.0%	-
GLOBAL			
Tuesday, Feb 12, 2019	India CPI (YoY) (Jan)	2.19%	-
Wednesday, Feb 13, 2019	Japan GDP (QoQ)	-0.6%	0.4%
Thursday, Feb 14, 2019	Euro GDP (YoY) (Dec)	0.2%	0.2%
Thursday, Feb 14, 2019	China CPI (YoY)	1.9%	2.0%
Thursday, Feb 21, 2019	US Manufacturing PMI (Feb)	-	-

## Key Recent Announcements

### US ISM MANUFACTURING PMI (Dec):

Survey results shows uptrend to 54.1 in December of 2018 from 59.3 in November, beating market expectations of 57.6.

### UK MANUFACTURING PMI (Dec):

Manufacturing PMI stood at 54.2 as compared to 53.6 from the previous month.

### UK INFLATION RATE YoY (DEC):-

The rate of inflation across the UK stood at 2.1 percent in December 2018, compared to 2.3 percent the previous month and same as market expectations of 2.1 percent.

### UNITED STATES FED INTEREST DECISION:-

The Interest rate remains same at 2.50%

UK	31-Jan-19	31-Dec-18
FTSE 100	6,968	6,728
FTSE 100 %Change	3.58%	-12.5%
BoE Interest Rate	0.75%	0.75%
CPI	2.10%	2.30%
Govt, 10YR Yield	1.12%	1.15%
FTSE 350	3,875	3,772

Currency	31-Jan-19	31-Dec-18
GBP/USD	1.31	1.28
GBP/EURO	1.14	0.90

Commodity (\$)	31-Jan-19	31-Dec-18
Gold	1,325	1,283.0
Silver	16.07	15.44
Brent Crude Oil	61.89	54.16

Govt 10YR Bond	31-Jan-19	31-Dec-18
US	2.63	2.68
Japan (JGB)	0.00	0.00
Germany (Bund)	0.15	0.24

Global Markets	31-Jan-19	31-Dec-18
Dow Jones	24,999	23,327
Dax	11,173	10,558
CAC	4,992	4,730
Nikkei 225	20,773	20,014
Shanghai	2,585	2,493
Sensex	36,256	36,068
Nifty 50	10,830	10,862

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