

Current Update

September 2019



Market Commentary

Despite the continued uncertainty over Brexit in the UK, global markets were mainly stable during September. Most asset classes saw modest gains in Sterling terms, with the exceptions being Gold and Government Bonds which lost some recent gains but remain high over the quarter and year to date. Gold remains up nearly 30% over the last year in Sterling terms and is discussed in this month's Current Focus.

Overall September ended a mixed quarter for Enhancers, with developed markets making small gains while emerging markets fell. Throughout the quarter the US-China trade dispute rumbled on, as did global growth concerns, but central banks remained supportive.

Over the quarter US equities achieved modest gains. Stocks in the financial, utility and energy sectors gained most. The healthcare sector was weaker, given its perceived political sensitivity. The Federal Reserve cut rates twice. Eurozone shares advanced. The European Central Bank announced new measures designed to stimulate the economy, including restarting quantitative easing. Shares in the UK also rose, although concerns around the global economic outlook weighed heavily on the commodity and financial sectors. Brexit and domestic political uncertainty remained elevated as Boris Johnson took over as the UK's new prime minister on a "do or die" pledge to achieve Brexit. He followed this up by saying he'd rather be "dead in a ditch" than ask the EU for an extension to the country's EU departure date. However, legal developments increased expectations that a "no deal" exit on 31 October would be averted.

In Japan shares gained with the yen little changed over the period. The Upper House elections in July were won comfortably by Prime Minister Abe's party. For Emerging markets, the effect of a renewed escalation in the US-China trade dispute and global growth concerns hit markets again. The biggest markets of China and India lost value over the quarter but remain positive year to date

Anchors returns were strong for the quarter despite modest losses during September. Government bond yields declined markedly over the quarter due to heightened risk aversion in August when US-China trade tensions escalated. The US 10-year Treasury yield briefly dipped lower than the two-year yield, a yield curve inversion indicating significant economic pessimism among bond investors but saw gains as investors moved to defensive allocations.

Traditional Diversifiers, commodities, gold and global property added value over the quarter, but Absolute Return strategies struggled. Oil saw increased volatility in mid-September following an attack on oil infrastructure in Saudi Arabia. This increased concerns of unrest in the Middle East and saw a sharp spike, although temporary, in the oil price.

UK	30-Sep-19	31-Dec-18
FTSE 100	7408	6,728
FTSE 100 % Change	10.11%	
BoE Interest Rate	0.75%	0.75%
CPI	1.70%	2.30%
Govt, 10YR Yield	0.49%	1.15%
FTSE 350	4120	3,772

Currency	30-Sep-19	31-Dec-18
GBP/USD	1.23	1.28
GBP/EURO	1.13	0.90

Commodity (\$)	30-Sep-19	31-Dec-18
Gold	1472.9	1,283.0
Silver	17.0	15.44
Brent Crude Oil	59.25	54.16

Govt 10YR Bond	30-Sep-19	31-Dec-18
US	1.73	2.68
Japan (JGB)	-0.22	0.00
Germany (Bund)	-0.57	0.24

Global Markets	30-Sep-19	31-Dec-18
Dow Jones	26,916	23,327
Dax	12,428	10,558
CAC	5,677	4,730
Nikkei 225	21,755	20,014
Shanghai	2,905	2,493
Sensex	38,667	36,068
Nifty 50	11,474	10,862

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10 Key Events to Watch:

UK		Previous	Forecast
Thursday, Oct 10, 2019	Manufacturing Production (YoY)	-0.6%	-1.1%
Tuesday, Oct 15, 2019	Claimant Count	28.2K	30.0K
Tuesday, Oct 15, 2019	Unemployment Rate	3.8%	3.9%
Wednesday, Oct 16, 2019	CPI (YoY)	1.7%	1.9%
Thursday, Oct 17, 2019	Retail Sales (YoY)	2.7%	-
GLOBAL			
Thursday, Oct 10, 2019	US CPI (YoY)	1.7%	1.7%
Friday, Oct 11, 2019	German CPI (YoY)	1.2%	1.4%
Friday, Oct 18, 2019	Japan National CPI (YoY)	0.3%	-
Friday, Oct 18, 2019	China GDP (QoQ) (Q3)	1.6%	1.5%
Thursday, Oct 24, 2019	ECB Int Rate	0.00%	-

Key Recent Announcements

US ISM MANUFACTURING PMI (Sep):

Survey results shows down trend to 49.10 in Sep 2019 from 51.2 in Aug, against market expectations of 52.0.

UK MANUFACTURING PMI (Sep):

Manufacturing PMI stood at 47.40 as compared to 48.0 from the previous month.

UK INFLATION RATE YoY (SEP):-

The rate of inflation across the UK stood at 1.70 percent in Sep 2019, compared to 2.1 percent the previous market expectations of 1.9 percent.

UK BOE INTEREST DECISION:-

The Interest rate remains unchanged at 0.75%.

For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

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