

# UK Week in Markets

Week ending 9 April 2023

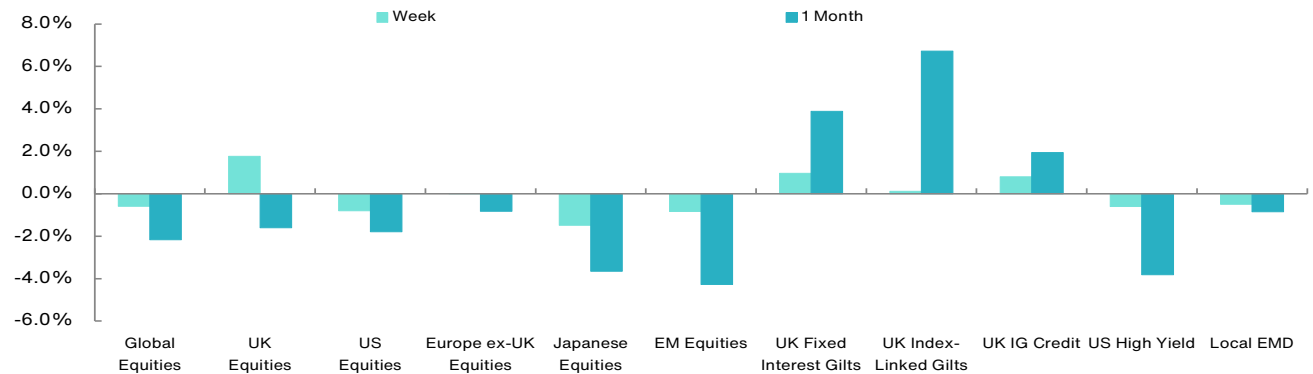
11 April 2023

## Key News and Events

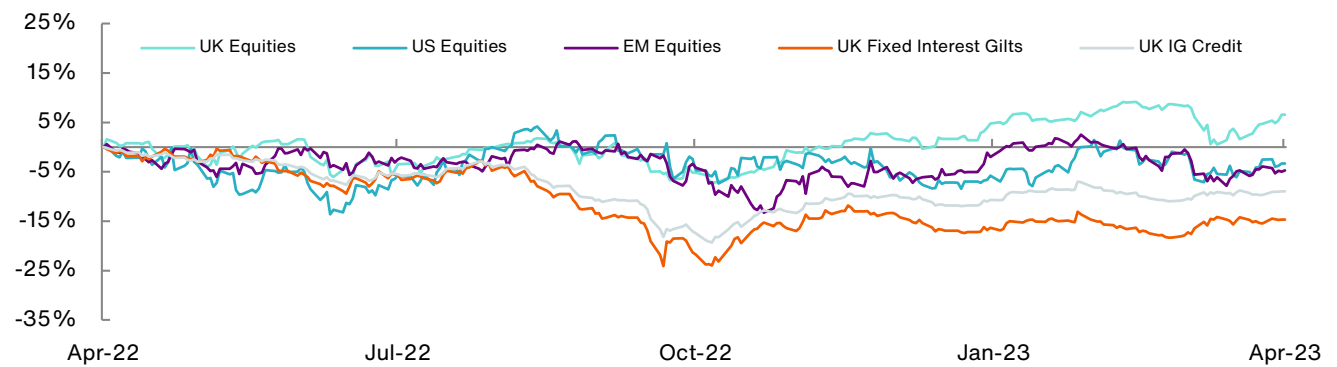
- Finland officially became the North Atlantic Treaty Organization's (NATO) 31<sup>st</sup> member after Turkey joined other NATO countries in supporting Finland's membership. Finland's ascension to the organisation approximately doubles the length of NATO's direct border with Russia. Neighbouring Sweden's application currently has not been ratified by Turkey and Hungary. Meanwhile, the US, Germany, and Hungary have opposed offering Ukraine a "road map" to NATO membership, following a push for closer ties by Poland and the Baltic states. The US is urging Ukraine's allies to focus on providing short-term military, financial and humanitarian aid instead.
- Taiwan's president Tsai Ing-wen met US House Speaker Kevin McCarthy in California and warned that Taiwan's democracy is "under threat". McCarthy indicated that Washington will continue to provide arms to Taiwan "on a very timely basis" and also called for increased economic cooperation with the country. China retaliated by escalating military drills near Japan and Taiwan, conducting 120 fighter jet and helicopter flight sorties from the Shandong aircraft carrier.
- US non-farm payrolls grew by 236,000 jobs in March, lower than February's upwardly revised 326,000, but slightly higher than economists' forecasts of 230,000 jobs. Average hourly earnings rose by 0.3%, higher than February's 0.2% rise. The unemployment rate decreased from 3.6% to 3.5%, near a multi-decade low.
- The Bank of Japan's new governor, Kazuo Ueda, indicated maintaining the central bank's yield curve control policy for the time being, given the prevailing economic, inflationary, and financial conditions.

## Market Overview

### Index Returns



### Cumulative Return Over Last 12 Months



Source: FactSet, FTSE, MSCI, ICE BofAML. Total return in GBP terms.

Market data sourced from FactSet, FTSE, MSCI, ICE BofAML, J.P. Morgan. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice. **Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees and expenses. Please refer to Appendix for Index Definitions and other General Disclosures.

## Market Summary

### Equities

- Global equity markets fell over the week both in local currency and sterling terms.
- The MSCI AC World Index fell by 0.1% in local currency terms and fell by 0.6% in sterling terms.
- The Energy sector was the best performer, returning 2.7% in sterling terms.
- The Industrials sector was the worst performer, returning -3.2% in sterling terms.
- UK equities were the best performing market in sterling terms (+1.8%).
- Japanese equities were the worst performing market in sterling terms (-1.5%).

### Government Bonds

- The 10-year gilt yield fell by 9bps to 3.43% and the 20-year gilt yield fell by 8bps to 3.77%.
- The 10-year US treasury yield fell by 9bps to 3.40%.
- At the 10-year maturity, the German bund yield fell by 14bps to 2.18% and the French government bond yield fell by 13bps to 2.70%.
- Greek government bond yields fell by 16bps to 4.07%.
- The UK Over 5-year real yield was unchanged at 0.35% and the UK 20-year real yield rose by 6bps to 0.29%.
- UK 20-year breakeven inflation fell by 11bps to 3.49%.

### Credit

- The sterling non-gilt spread over UK gilt yields (based on the ICE index) fell by 2bps to 157bps.
- US Investment Grade bonds rose over the week, returning 1.1%.
- The US high yield bond spread over US treasury yields rose by 26bps to 484bps.
- The spread of USD denominated EM debt over US treasury yields rose by 3bps to 500bps.

### Commodities

- The S&P GSCI index rose by 2.6% in USD terms over the week.
- The S&P GSCI Energy index rose by 5.3% as the price of Brent Crude oil rose by 6.7% to US\$85/BBL.
- Industrial metal prices fell by 2.9% as copper prices fell by 1.1% to US\$8,836/MT.
- Agricultural prices fell by 0.5% and gold prices rose by 1.1% to US\$2,002/Oz.

### Currencies

- Sterling strengthened by 0.6% against the US dollar and was unchanged against the euro, ending the week at \$1.24/£ and €1.14/£ respectively.
- The US dollar decreased by 1.0% against the Japanese yen, ending the week at ¥131.79/\$.

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