

Weekly Investment Update

2nd July 2021



News Headlines

UK inflation – The Bank of England’s chief economist, Andy Haldane, suggested that inflation in the UK could end the year at 4%, double the central bank’s target rate. Mr Haldane said delaying action now may require bigger steps later. Major central banks are weighing up when to cut their emergency support as economies emerge from coronavirus restrictions and the focus turns to rising consumer prices. The challenge is becoming clear in the US, where Americans’ pay hikes are not keeping pace with surging prices for everyday goods.

Global corporate tax – The Organisation for Economic Cooperation and Development have announced that 130 jurisdictions and countries have now agreed to back a global minimum corporate tax rate of 15%. The deal, backed by the US, sets a corporation tax of no less than 15% in countries that have signed up in a bid to discourage companies from moving from one country to the next to exploit lower rates.

US jobless report – America’s employers added 850,000 jobs in June, which is well above the average of the previous three months, showing signs that employers are having an easier time finding enough workers to fill open vacancies in strongly rebounding economy. Despite the job market’s steady improvement, unemployment remains well above the 3.5% rate seen pre-pandemic. The report showed that unemployment rose from 5.8% in May to 5.9% in June.

Market Summary

Global Equities – The first six months of the year saw global equities put in one of their strongest performances of the last two decades, however investors are expecting a more volatile second half of the year. This week, the S&P 500 hit fresh all-time highs, finishing positively for six consecutive days. US jobless claims declined to a new pandemic low of 364,000, signalling the country is recovering strongly from the pandemic. Other major global indices posted losses, as the spread of the Delta variant of Covid brought fresh concerns of travel restrictions and further lockdowns in countries with a slow vaccination rate. Further adding to the downside in Asian equities was the slowing down in Chinese factory activity in June, weighed down by higher raw material costs, a global shortage of semiconductors and a resurgence of COVID-19 cases in the major export province of Guangdong.

Commodities – Gold finished flat for the week, but gained for a third straight day on Friday, as concerns over the Delta variant of Covid boosted the metal’s safe-haven appeal.

Oil prices (Brent crude & WTI) continued to rally to near 2018 highs, breaking above \$75 per barrel. An OPEC+ meeting on Thursday did not deliver on expectations for production increases as the United Arab Emirates blocked an agreement at the last minute. A general lack of agreement and contrasting views means there is little to stand in the way of a continued oil rally, which will have consequences for inflation and could spill over into other markets.

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor.

Ascencia Investment Management Limited Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.

T: 0161 886 8000 | E: enquiries@ascenciaim.co.uk | www.ascenciaim.co.uk

Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.

Chart of the Week

A Good Year Across the Board

Second-best 1H for S&P since 1998



Source: Bloomberg – The S&P hits fresh all-time highs, posting the second best H1 since 1998

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> - Australia cash rate decision - EU retail sales 		<ul style="list-style-type: none"> - US jobless claims 	<ul style="list-style-type: none"> - China CPI yy

Market Performance – 01/07/2021

Global Market Indices	2021 YTD %*
FTSE 100	9.01%
S&P 500	16.96%
DAX	13.14%
Nikkei 225	6.47%
Hang Seng	6.48%
Fixed Income	Yield %
UK 10 Yr Gilt	0.72%
US 10 Yr Treasury	1.46%
Commodities	2021 YTD %
Gold	-6.11%
Currency	
GBP/USD	1.38 (02/07/2021)
GBP/EUR	1.16 (02/07/2021)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

The information provided is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor.

Ascencia Investment Management Limited Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY.

T: 0161 886 8000 | E: enquiries@ascenciaim.co.uk | www.ascenciaim.co.uk

Ascencia Investment Management Limited is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409. Ascencia Investment Management Limited Registered in England No: 05010380.