



Weekly Bulletin

Key takeaways

In an otherwise pro-risk month for investors, last week saw most bond and stock markets give back some of their July returns, driven lower by lacklustre economic data from China and the eurozone.

- In his press meeting last week, US Federal Reserve (Fed) Chairman Jerome Powell aligned himself with bond market investors when he spoke of uncertainties in the global economic outlook. This has strengthened market expectations of an interest rate cut at the Fed's July policy meeting. Despite higher core inflation in the US (impacted by trade disputes), the Fed's rhetoric implies a 'lower for longer' environment for interest rates. Anticipating a supportive environment moving forward, US shares are performing strongly.
- In Germany, industrial production continued to contract following months of disappointing data. This has served to bolster market hopes of central bank stimulus from the European Central Bank (ECB), which looks increasingly essential to the region's economic health.
- Growth in China for Q2 fell to its lowest level since 1992. It wasn't all doom and gloom though; industrial production, retail sales and fixed asset investment in China showed improvements from their previous readings, beating market expectations. Asian stock markets initially responded nervously to the news of slowing headline growth, but more China-positive investors point to nascent signs of the Chinese government's low-key stimulus package beginning to take effect.
- In the UK, sterling continues to bear the brunt of 'no-deal' Brexit fears. Despite some signs of strength at the end of the week, the UK currency is currently on a downward trend against the dollar. We believe this uncertainty will keep the Bank of England waiting on the sidelines, unable to enact interest rate changes for the time being.

What to look out for this week

- Second quarter earnings season kicks off in the US, with markets waiting to discover if a technical earnings recession can be avoided.
- UK jobs, inflation and retail sales data releases will all be published.
- The deadline for Conservative party members to vote for their new party leader closes on Sunday 21 July, with the winner expected to be announced on 23 July.

Weekly market moves

- US shares continued to move higher, with multiple indices advancing to new all-time highs on Friday.
- Despite some strength late in the week, sterling broadly continued its downward trend versus the dollar.
- The gold price rose again following a short period of relative weakness in an otherwise very strong year.



Weekly market moves (as at 12 July 2019)

	Index Levels	Last Week	Month to Date	Year to Date
Equity				
MSCI United Kingdom	2,160.1	-0.6%	1.0%	14.2%
MSCI United Kingdom Mid Cap	1,240.6	-1.0%	0.8%	14.6%
MSCI United Kingdom Small Cap	407.0	-0.6%	0.0%	14.6%
MSCI World (GBP)	1,693.4	-0.1%	3.0%	21.0%
S&P 500 (GBP)	3,013.8	0.4%	3.9%	23.2%
MSCI Japan (GBP)	948.7	-0.9%	2.6%	10.8%
MSCI Europe ex-UK (GBP)	1,341.8	-1.1%	0.5%	18.4%
MSCI Pacific ex-Japan (GBP)	1,702.7	-1.0%	2.2%	20.8%
MSCI Emerging Markets (GBP)	57,875.0	-1.2%	1.3%	12.2%
Bonds				
BoA Merrill Lynch Conventional Gilts	1,287.7	-0.7%	0.5%	5.5%
BoA Merrill Lynch Index-Linked Gilts	577.8	-0.9%	0.7%	8.7%
BoA Merrill Lynch £ Corporate	432.0	-0.4%	0.7%	7.9%
Commodities				
Oil (West Texas Intermediate, GBP)	\$60.2	5.0%	4.8%	35.1%
Gold (GBP)	\$1407.6	0.9%	1.2%	11.6%
S&P / GSCI (GBP)	2,561.2	2.8%	3.9%	17.9%

Past performance is not a reliable indicator of future results. The value of investments may fall as well as rise. All performance returns are in GBP, while all index levels are in local currency.

Clear Thinking

Important information

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