

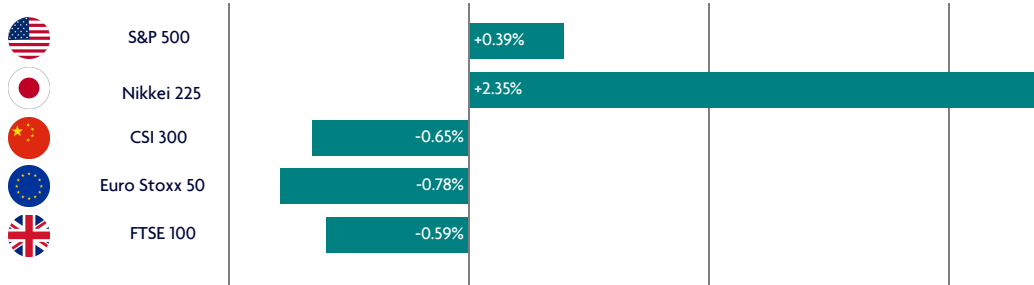
# Weekly Market Update

12 June 2023



US and Japan stock markets were boosted by economic optimism, whereas the Eurozone has entered a technical recession. China is continuing to struggle with sluggish post pandemic recovery. The UK property market shows decline, whilst the “Atlantic Declaration” has been agreed between the US and UK to benefit trade between the nations.

## Market Monitor (%): How did major stock markets perform last week?



## Market Update:



The UK's largest mortgage lenders, Halifax and Nationwide, reported that house prices fell significantly in April, indicating that market recovery is weak. Sales agreements and new enquires have improved every month, but still remains negative territory. An “Atlantic Declaration” was agreed by Biden and Sunak in order to improve trade, strengthen economic ties and reduce dependency on China's role in supply chains.



A positive week for US markets, with the S&P 500 Index moving into bull market territory. There were several prominent investment conferences and events during the week, which seemed to drive sentiment. Mixed signals from the job market, where weekly jobless claims rose unexpectedly whereas continuing claims fell back by more than expected. Data suggests that whilst economic optimism remains steady, America's outlook for the next six months has fallen. We saw a decline in the services sector, which can be seen as a positive due to service prices remaining “sticky” when looking at inflation.



Despite easing inflation, the President of the European Central Bank has indicated that interest rate hikes are likely to rise again in June. Historic data has shown that Europe has entered a mild recession, as the economy shrank both in the final quarter of 2022 and first quarter of 2023. Flat retail sales indicated that consumption remains weak, whilst the German industrial sector is also continuing to weaken.



## Japan

Japan's stock markets rose over the week, reaching fresh 33-year highs. Strength was supported by positive economic growth in the first three months of 2023 due to strong corporate investment and the hope that the services sector will drive further expansion. The yen remains relatively weak against the dollar, as the ongoing divergence in interest rate policy between the Bank of Japan and other major central banks continue. The weak yen has been beneficial for foreign investment and exporters.



## China

The latest inflation figures increased concerns about China's post pandemic recovery. May inflation data has pointed to deflationary risks weighing in on China's economy, with core inflation continuing to slow whilst producer prices are falling more than expected. The service sector is enjoying continued growth, although on the manufacturing side, some data suggests expansion, whereas other sources suggest a contraction. China's exports fell relative to a year ago, marking the first decline in 3 months and highlighting that global demand is weakening.



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