

The increased expectation of a synchronised global loosening of monetary policy helped drive market sentiment in July. However slowing global growth, weakening trade and manufacturing data, benign inflation and protectionist government policies continue to overhang markets.

After increasing the federal funds rate 9 times over the past 4 years the US Federal Reserve (Fed) cut rates by 0.25% on 31 July. Described as a “mid cycle adjustment”, this is the first rate cut by the Fed since December 2008. The cut was widely expected, however some had hoped for more. The US 10 year bond yield, which had fallen to 1.95% at the start of the month recovered to 2.02% by the end. Driven by Information Technology and Consumer Staples companies, US equity markets rallied to new all-time highs during the month. The S&P 500 reached a high of 3,027.98 on 26 July, before falling back to below 3,000, returning 1.4%¹ for the month.

Bond yields in Europe continued to fall in July, following further manufacturing weakness and European Central Bank (ECB) President Mario Draghi signalling that they are looking at a range of options for further monetary stimulus. The German 10 year government bond yield fell to a record low of -0.48% and French 10 year bond to -0.17%. The Greek 10 year government bond yields 2.01% at month end, less than the equivalent US bond. In Switzerland the entire yield curve (including 50 years) is in negative territory. European equities traded sideways in July, with the MSCI Europe ex UK index returning 0.2% during the month, resulting in the MSCI Europe ex UK returning -0.4% over 3 months and 1.4% over the last 12 months.

In the UK, Conservative party members chose Boris Johnson as their new leader and therefore UK Prime Minister. As time passes the probability of a leaving the EU without a withdrawal agreement has now become more likely, with Mr. Johnson’s insistence that the UK will leave the EU on 31 October. In response, Sterling declined 3.9% against the US Dollar over the month to 1.21 (\$ to GBP) in sight of 1.19 (\$ to GBP) low in 2016. UK government bonds rallied, with the FTSE Actuaries UK Gilts All Stocks index returning 2.1% and the yield on the 10 year government bond falling to 0.61% at month end. Benefitting from the fall in Sterling the FTSE 100 index rose 2.2% in July with the FTSE All Share returning 2.0% over the month. The broader FTSE All Share index has generated a 1 year total return of 2.3%, however has lost 2.8% in capital terms over the same period.

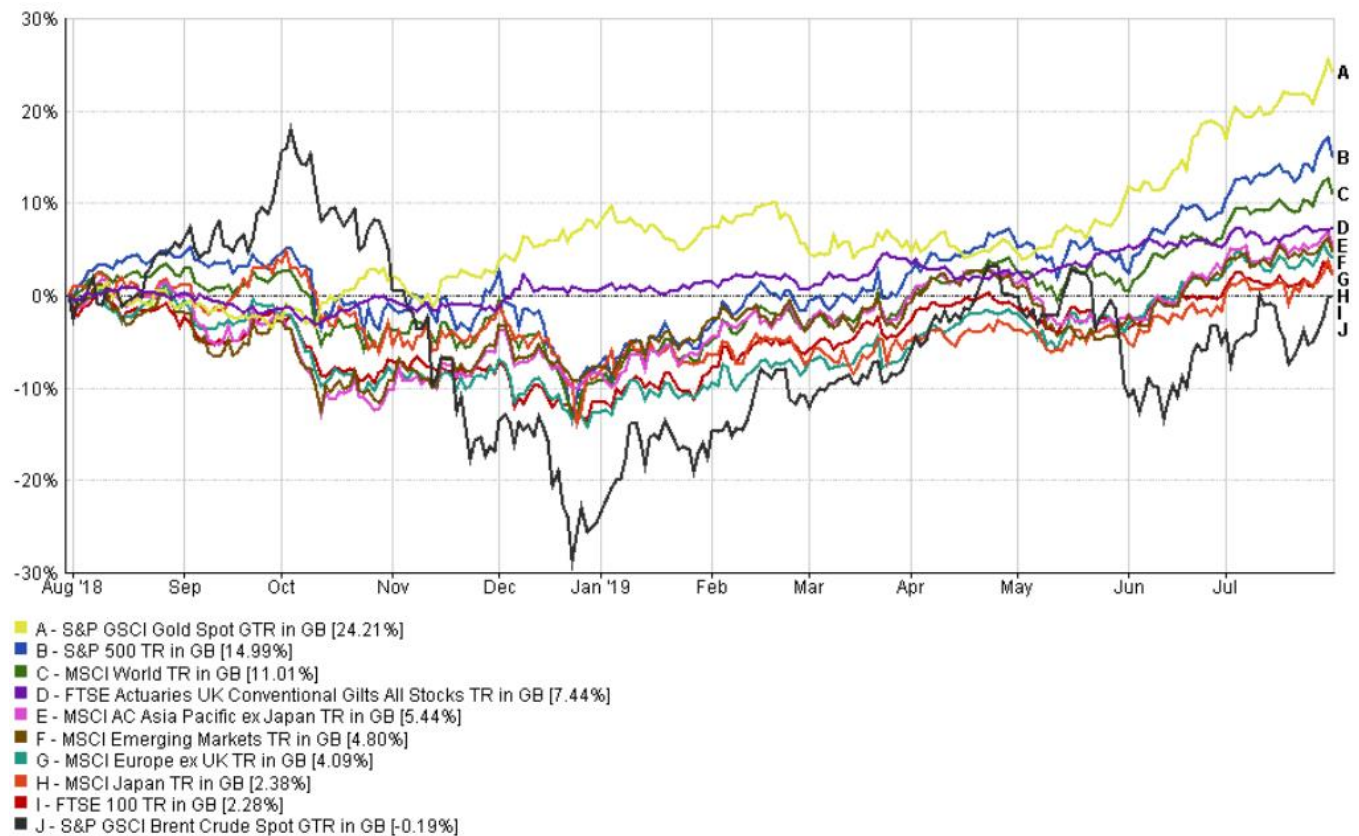
Weakening global trade continues to affect the Asia Pacific region. Alongside the US-China trade negotiations disrupting the region, a dispute between Japan and South Korea looks set to change the supply chain of the semiconductor industry. MSCI AC Asia Pacific ex Japan index fell 0.7% during the month, with Chinese, Hong Kong and South Korean markets all falling. MSCI Japan index grew 0.9% in July; however the index has lost 7.3% over the past year.

Concerns over the global economy buoyed the Gold price as it rallied a 6 year high of \$1,440 in July, before falling back to a 1.0% increase over the month. The concerns over the global economy, perhaps also explain that despite increased tensions between Iran and the West, Brent crude only rose 1.1% during the month, to \$65 a barrel.

Chris Davis
Chief Investment Officer

¹ All performance data is total return and in local currency, unless otherwise stated.

1-Year Performance in Sterling Terms to 31 July 2019

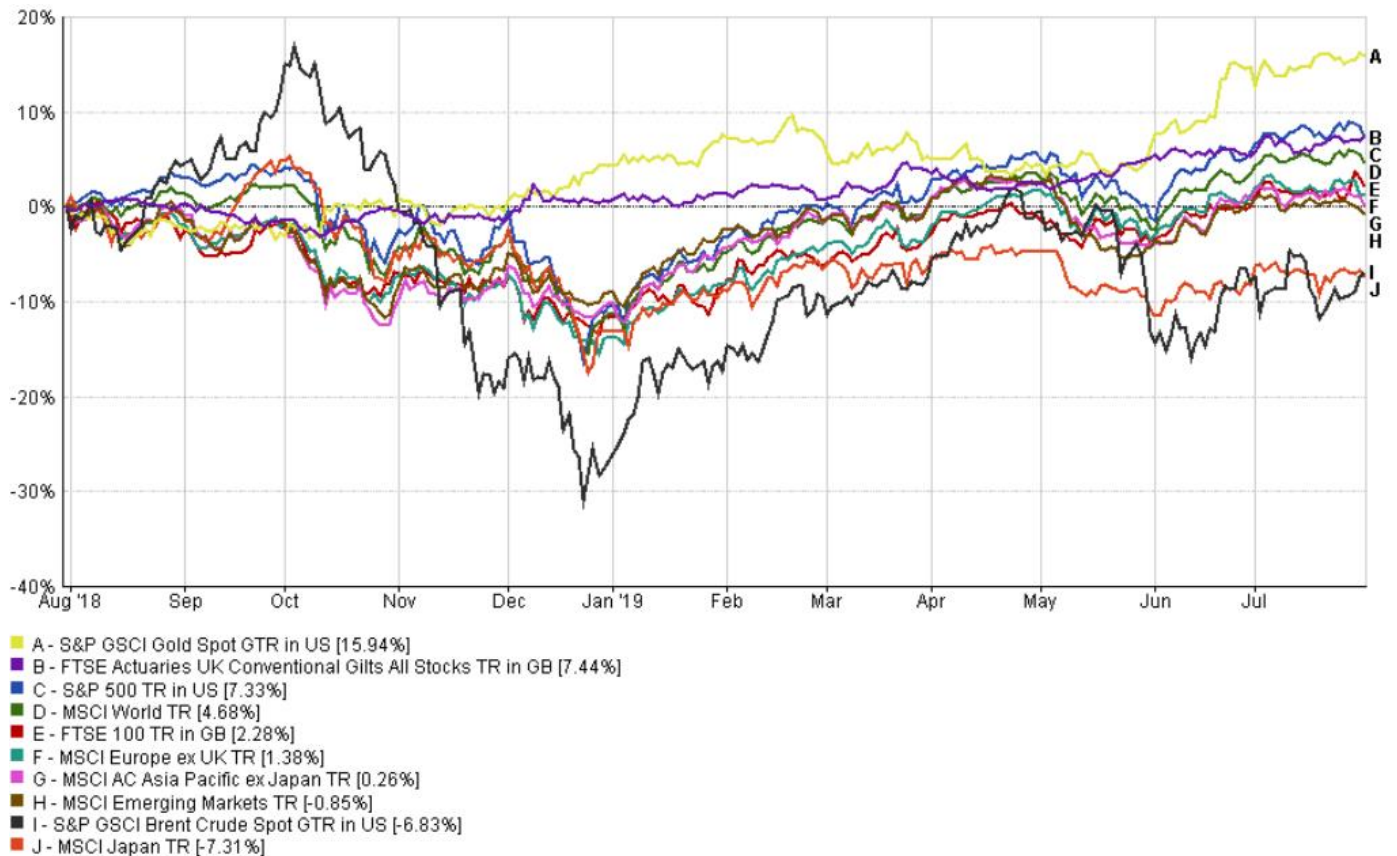


Cumulative Performance in Sterling Terms to 31 July 2019

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	2.1%	5.0%	5.8%	7.4%	6.0%	32.3%
MSCI World	4.5%	7.5%	17.2%	11.0%	46.0%	93.9%
FTSE 100	2.2%	3.2%	11.6%	2.3%	27.6%	37.4%
S&P 500	5.4%	8.1%	19.2%	15.0%	55.1%	128.7%
MSCI Europe ex UK	1.9%	6.1%	15.7%	4.1%	35.0%	56.3%
MSCI Asia Pacific ex Japan	2.6%	4.0%	10.9%	5.4%	39.9%	61.6%
MSCI Emerging Markets	2.7%	3.6%	7.9%	4.8%	38.2%	51.1%
MSCI Japan	4.1%	6.2%	9.3%	2.4%	28.7%	70.9%
S&P GSCI Gold Spot	5.0%	18.2%	15.8%	24.2%	11.9%	48.8%
S&P GSCI Brent Crude Spot	5.1%	-0.2%	20.9%	-0.2%	65.2%	-36.8%

Source: Financial Express

1-Year Performance in Local Currency Terms to 31 July 2019



Cumulative Performance in Local Currency Terms to 31 July 2019

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	2.1%	5.0%	5.8%	7.4%	6.0%	32.3%
MSCI World	1.2%	1.0%	10.1%	4.7%	36.6%	51.3%
FTSE 100	2.2%	3.2%	11.6%	2.3%	27.6%	37.4%
S&P 500	1.4%	1.5%	11.0%	7.3%	43.0%	65.9%
MSCI Europe ex UK	0.2%	-0.4%	10.4%	1.4%	26.3%	34.9%
MSCI Asia Pacific ex Japan	-0.7%	-2.1%	4.8%	0.3%	32.2%	31.5%
MSCI Emerging Markets	-1.0%	-3.3%	1.7%	-0.8%	30.1%	29.2%
MSCI Japan	0.9%	-2.7%	1.5%	-7.3%	25.7%	30.8%
S&P GSCI Gold Spot	1.0%	11.0%	7.8%	15.9%	3.2%	7.9%
S&P GSCI Brent Crude Spot	1.1%	-6.3%	12.6%	-6.8%	52.3%	-54.2%

Source: Financial Express

Calendar Performance in Sterling Terms to 31 July 2019

	2019	2018	2017	2016	2015	2014
FTSE Actuaries UK Conventional Gilts All Stocks	6.9%	0.6%	1.8%	10.1%	0.6%	13.9%
MSCI World	22.3%	-3.0%	11.8%	28.2%	4.9%	11.5%
FTSE 100	15.7%	-8.7%	11.9%	19.1%	-1.3%	0.7%
S&P 500	24.6%	1.0%	10.6%	32.7%	6.6%	20.0%
MSCI Europe ex UK	19.2%	-9.9%	15.8%	18.6%	5.1%	-0.7%
MSCI Asia Pacific ex Japan	15.2%	-8.6%	25.1%	27.3%	-4.1%	9.2%
MSCI Emerging Markets	13.6%	-9.3%	25.4%	32.6%	-10.0%	3.9%
MSCI Japan	12.2%	-7.5%	13.3%	22.1%	15.9%	1.9%
S&P GSCI Gold Spot	15.6%	3.2%	3.0%	28.5%	-5.7%	4.4%
S&P GSCI Brent Crude Spot	32.3%	-10.0%	5.5%	53.2%	-42.5%	-44.8%

Source: Financial Express

Calendar Performance in Local Currency Terms to 31 July 2019

	2019	2018	2017	2016	2015	2014
FTSE Actuaries UK Conventional Gilts All Stocks	6.9%	0.6%	1.8%	10.1%	0.6%	13.9%
MSCI World	18.1%	-7.4%	18.5%	9.0%	2.1%	9.8%
FTSE 100	15.7%	-8.7%	11.9%	19.1%	-1.3%	0.7%
S&P 500	19.8%	-4.9%	21.1%	11.2%	0.7%	13.0%
MSCI Europe ex UK	17.4%	-11.3%	13.6%	2.3%	8.3%	6.8%
MSCI Asia Pacific ex Japan	11.7%	-10.6%	30.2%	7.4%	-4.1%	6.9%
MSCI Emerging Markets	9.0%	-10.1%	30.6%	9.7%	-5.8%	5.2%
MSCI Japan	6.8%	-15.1%	19.7%	-0.7%	9.9%	9.5%
S&P GSCI Gold Spot	11.1%	-2.8%	12.8%	7.7%	-10.9%	-1.7%
S&P GSCI Brent Crude Spot	27.2%	-15.3%	15.5%	28.5%	-45.7%	-48.1%

Source: Financial Express

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