

### New year, new markets?

#### Markets

- Global equity market performance was primarily positive across the board. In GBP terms, Europe rose the most, up +1.78%, followed by the UK (+1.62%), the US (+1.60%) and Japan (+0.23%). Emerging Markets had no change over the week.
- Bonds were mixed over the week. UK Gilts and UK Corporates were both down -0.07%, whilst European bonds fell -0.18% and US government bonds rose +0.36% respectively.
- GBP appreciated vs EUR and USD by +0.60% and +0.19% respectively. GBP depreciated -1.44% vs JPY.
- In USD terms, the oil price rose +5.80% and gold rose by +0.07%.

#### Macro

- The US market was bolstered by a report showing strong jobs data, with the US adding 312,000 positions in December, beating the average consensus of 180,000. The report also revised the October and November figures upward by a combined 58,000 jobs. Investors eagerly awaited this report to gauge the health of the US economy ahead of Fed Chairman Jay Powell's speech, in which he reiterated patience on rate rises. Markets responded by rallying to close out the week.
- CPI inflation in the Eurozone fell to 1.6% YoY in December, the weakest rate in eight months. The slowdown was due to the sluggish rise in energy costs. Eurostat statistics showed the slower rise in energy prices, up 5.5% YoY in December compared to 9.1% YoY in November. Given that the Eurozone is a net energy importer, a weaker oil price could boost Eurozone consumption in the coming months.
- A delegation of American officials will shortly meet their Chinese counterparts in Beijing for two days of discussions, the first face-to-face talks since the two presidents agreed a trade truce at the G20 summit last month. The success of the meeting may depend on China's willingness to make concessions around purchasing more American goods and imposing measures to prevent intellectual property theft from the US. Ahead of the 2<sup>nd</sup> March deadline, the news of a potential resolution to the trade tariffs provided some respite for investors.

#### View of the Manager

- Global growth remains resilient although there is evidence of the recovery being less synchronised. The Manager expects earnings growth to remain positive and inflation to cause gradual interest rate rises.
- Despite elevated geopolitical risk, the Manager believes this is an environment favouring equities over bonds.
- Within its regional equity allocation, the Manager is cautious on UK equities and favours those regions most attractively positioned to benefit from the improvement in the global growth dynamic.

#### Performance to 04/01/2019

	1 Week	YTD
<b>Equity GBP Total Return %</b>		
UK	1.62	1.65
Europe	1.78	1.71
US	1.60	1.13
Japan	0.23	-0.01
Emerging Markets	0.00	0.06
<b>Bonds Local Total Return %</b>		
UK Gov	-0.07	0.09
UK Corp	-0.07	-0.05
EUR Gov	-0.18	-0.20
US Gov	0.36	0.21
<b>Currency %</b>		
GBP vs USD	0.19	-0.24
GBP vs EUR	0.60	0.38
GBP vs JPY	-1.44	-1.28
<b>Commodities USD %</b>		
Oil	5.80	5.62
Gold	0.07	0.07

Source: Close Brothers Asset Management

Source: Bloomberg Finance L.P., Morningstar, data as at 07/01/2019.

Close Brothers Asset Management is a trading name of Close Asset Management Limited.

#### Disclaimer

VAM Discretionary Funds are compartments of VAM Managed Funds (Lux).

This document is intended for use by professional financial advisers only. The distribution of VAM Funds and the offering of the shares may be restricted in certain jurisdictions. Private investors should contact their financial adviser for more details on any of the products featured. It is the responsibility of any person in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective applicants for shares should inform themselves as to the legal requirements and consequences of applying for, holding and disposing of shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. [Click for Important Information](#)