

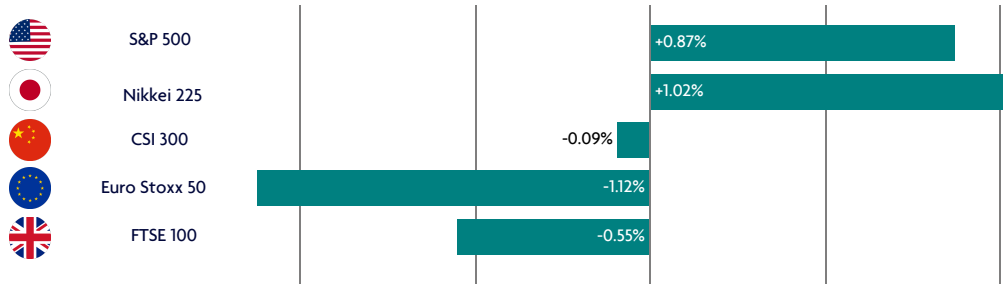
Weekly Market Update

2 May 2023

It was a mixed week for markets around the world. On one hand, in Japan markets were buoyed by a supportive central bank, whereas in China, concerns over its economic recovery weighs on markets. In the UK and Europe, we continue to see talks of a recession against improving business and consumer confidence and in the US, we see further turmoil in the banking sector.



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



Market Update:



The UK budget deficit grew to £139 billion in the year to March, up more than £18 billion from a year earlier and the highest level on record. However, the deficit is smaller than the forecast made by the Office for Budget Responsibility last month. Meanwhile, Lloyds Bank said that business confidence rose to its highest level in almost a year in April amid more optimism about the economy.



It was a busy week in the US, with many companies reporting results for the first three months of 2023. Notably, returns for the week were driven by four big technology stocks. However other sectors performed poorly as signs of economic stress began appearing, notable in the manufacturing activity data. Renewed turmoil in the banking industry also heightened fears of a slowdown and possible recession. Following days of volatility, JPMorgan Chase has agreed to acquire most of First Republic Bank after US regulators orchestrated an overnight deal to shut the embattled lender.



Europe

Shares fell as fears that interest rate increases might tip the economy into recession intensified. The eurozone economy treaded water in the first quarter, expanding by just 0.1%. Inflation data from different countries in Europe give a mixed message on whether inflation is moderating, which could lead to further interest rate hikes. However, economic sentiment in the eurozone held steady in April amid more optimism in the consumer and retail and services sectors.



Japan

Markets were supported by a supportive Bank of Japan (BoJ), which signalled a continued commitment to ultra-low interest rates. However, the BoJ has said it expects inflation to end the year higher than they had previously expected. The government's easing of Japan's border controls ahead of an anticipated increase in arrivals, particularly from China, due to the Golden Week holidays (observed at the end of April and the beginning of May) also boosted sentiment.



China

Chinese authorities have vowed to continue its "forceful" fiscal and monetary policy stance to support the economy as it faces obstacles in economic transformation and insufficient domestic demand. While China's economy expanded at its fastest pace in a year in this year's first quarter, policymakers remain cautious on certain challenges such as the high youth unemployment rates and slowing global growth. Data suggests that demand for manufactured goods remains weak.



The Omnis Investment Club

To hear more about these topics, please search for "The Omnis Investment Club Podcast" on your podcast player.

[Omnisinvestments.com](https://omnisinvestments.com)

Omnis
INVESTMENTS

Issued by Omnis Investments Limited. This update reflects Omnis' view at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Past performance should not be considered as a guide to future performance. The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Auckland House, Lydiard Fields, Swindon SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.