

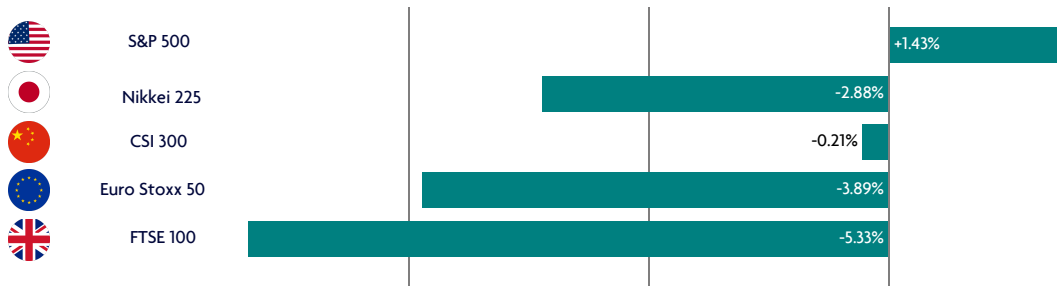
Weekly Market Update

20 March 2023

Turmoil in the global banking sector dominated markets. Since 10th March, two US bank, Silicon Valley Bank and Signature Bank have collapsed – we discuss the details in a special **podcast interview**. In Europe, Credit Suisse was in the limelight following Saudi Bank’s announcement that it would not invest further into the bank’s equities. Investors were already on high alert for any signs of wider issues in the banking sector and Saudi Bank’s announcement triggered a collapse in the share price of Credit Suisse. The Swiss National Bank has stepped in to provide Credit Suisse with additional liquidity and over the weekend, UBS agreed to buy Credit Suisse for \$3.25 billion.



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



Market Update:



UK

The FTSE 100 saw its biggest weekly drop since June 2020, and was clearly driven down by the banking sector. Other big news items in the UK included an update on unemployment which remains near record lows, but with signs that pay growth is slowing down. Chancellor Jeremy Hunt unveiled his spring budget which included larger-than-expected spending in a bid to boost economic activity.



US

Key drivers of markets were the developments in the banking sector as well as worries that a sharper economic slowdown would now mean the Federal Reserve would have to slow down, or stop with, further rate hikes. The Federal Reserve meet this week to decide if they'll hike interest and if they do, by how much. Broadly speaking, as a result of the banking crisis, investors now expect interest rates to begin falling before the end of the year.



Europe

Shares tumbled on fears sparked by strains in the financial system. Unsurprisingly, the banking sector fared particularly poorly. The European Central Bank rose interest rates by half a percentage point as widely expected. Over the weekend, UBS, Switzerland's largest bank, agreed to buy Credit Suisse for US\$3.25 billion, following a week of share price volatility and concerns about the bank's future. The announcement came after a weekend of emergency talks in Switzerland between the two banks and the country's financial regulators. The Swiss National Bank said the deal was the best way to restore the confidence of financial markets and to manage risks to the economy.



Japan

Despite limited direct impact on Japan's financial system from the turmoil in the global banking sector, the accompanying dip in investor sentiment helped send Japanese equities sharply lower. In domestic news, large companies in Japan agree on the biggest wage increase in decades which should help compensate households for rising living costs.



China

Any optimism of its economic recovery and further support from the central bank were offset by the global banking worries. Domestically, property prices seem to be rising and economic activity is also on the up.



The Omnis Investment Club

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

Omnis
INVESTMENTS

Omnisinvestments.com

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.