

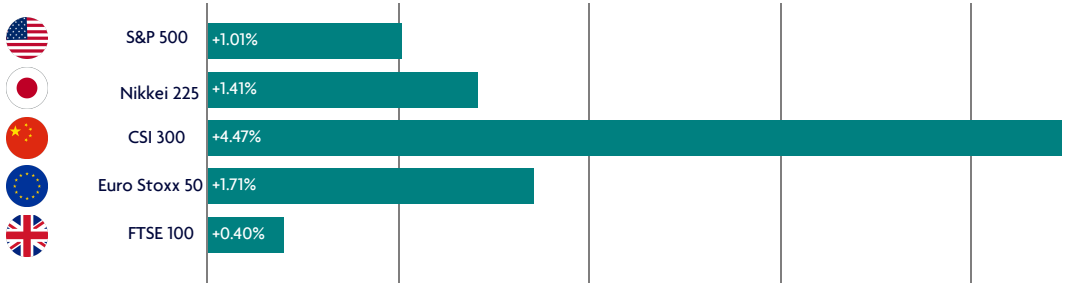
Weekly Market Update

31 July 2023

Major stock markets advanced in the week, despite the US and European Central Banks increase their interest rates. Inflation in Japan remains above target. Meanwhile, China's government pledging further support to boost the economy. Eyes are on the UK as the Bank of England is meeting this week to discuss the next move for interest rates, with the market expecting another hike.



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



Market Update:



Markets appeared to rally this week, with retail sales up compared to the previous month. According to data released, two fifths of renters or mortgage holders are struggling with payments, with just under half experiencing a rise in costs in the last 6 months. The Bank of England is meeting this week to discuss the next move for interest rates, with markets expecting a quarter percentage point rise to bring the new level of interest rates to 5.25%. Although inflation subdued to 7.9% last week, this still remains the highest in the G7 group the UK's job market is mixed, as wage growth appears to be rising but unemployment data shows an unexpected increase.



Stock markets ended higher this week, with sentiment receiving a boost from generally positive economic readings, particularly on inflation. The Federal Reserve increased interest rates by 0.25 percentage points to bring them to the range of 5.25%-5.50%, with expectations growing that the central bank is done with raising interest rates. The Federal Reserve has stressed that incoming data would guide any further changes to rates. Data released showed that the economy has expanded year over year, surpassing expectations and growth from the previous quarter. Further data indicated that the economy could manage to avoid a recession.



Markets advanced across the region despite the European Central Bank increasing interest rates by 0.25 percentage points, bringing them to 3.75%. News from China that authorities have pledged to aid economic growth via further support, along with the European Central bank signalling that rate hikes may be nearing an end appeared to boost investor sentiment. Annual inflation appears to have slowed down compared to last month's figures. Data also showed that business activity has slightly slowed down.



Japan

The Bank of Japan tweaked its monetary policy this week by announcing that it would increase its flexibility around controlling their long-term interest rates. They also decided to leave interest rates unchanged at -0.1%. Projected economic growth for the year remains at healthy levels, but on the contrary, the Bank of Japan expects higher levels of inflation than what was previously anticipated. Overall, stocks rose in the week with the Yen strengthening against the dollar.



China

Markets rallied after the Government continued to signal that it will provide more stimulus to support the economy. Officials vowed to increase support to the real estate sector, which has been of poor health. Economists have lowered their growth forecasts for the nation after reports that the economy grew at slower than expected pace during the second quarter of the year due to weakening domestic and external demand. Despite an overall improvement in manufacturing activity, profits have been under pressure as recent data indicated that China is on the verge of slipping into deflation.



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://www.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.