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Market Update

Q1 2023

Global Equity Index	Var. % Q1 2023
S&P500 (US)	+7.03%
Nasdaq (US)	+16.77%
EuroStoxx50 (EU)	+13.74%
FTSE 100 (UK)	+2.42%
MSCI Emerging Markets	+3.54%
MSCI ACWI Net Return EUR	+5.41%
Commodities	**Var. % Q1 2023**
Crude Oil WTI	-5.96%
Gold	+7.82%
World Government Bonds	**Var. in YTM % Q1 2023**
USD 2-Year Bond Yield	-0.39%
US 10-Year Bond Yield	-0.41%
Germany 2-Year Bond Yield	+0.01%
UK 2-Year Bond Yield	-0.13%

The above calculations have been done based on data sourced from Reuters. Prospective customers should not base their decision on investing solely on the indicated rate of return.

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Global stock markets experienced gains during Q1 2023, with the main global index (MSCI ACWI Net Return) registering a 5.41% increase, as major regions saw signs of easing inflation, which boosted investor sentiment. This was in accordance with the initial expectations that central banks were nearing the peak of their interest-rate hiking cycle. A major regional US bank, Silicon Valley Bank (SVB), defaulted in early March, leading to price corrections in other global banks. In Europe, Credit Suisse, a troubled financial institution, was purchased by UBS in a deal mediated by the Swiss authorities. Despite this, Central Banks' message was clear and assured the economy that the banking sector is more robust and better prepared to face critical situations, in comparison to the 2007-2008 financial crisis.

US equities experienced gains, with the S&P 500 and the NASDAQ registering increases of 7.03% and 16.77%, respectively. The Federal Reserve (FED) noted that its policies to curb inflation were effective, but that the policy rate may still peak at a higher point during the year. Despite this, economic data remained strong, with unemployment in the US registering a 50-year low, to 3.4% in January. Inflation rates also registered a slow-down in February, to 6%, the lowest since September 2021. That being said, the Fed still raised interest rates by 25 basis points to 5% in March, leading to new borrowing cost highs not seen since 2007.

Eurozone shares performed positively, with the main European index (EURO STOXX 50) registering a 13.74% increase. The European Central Bank (ECB) raised interest-rates by 50 basis points in both February and March meetings, to a new level of 3%. The consumer price inflation rate in the Euro Area eased to 6.9% YoY in March 2023, its lowest level since February 2022, strengthening expectations that the ECB will remain hawkish for a longer period.

UK shares recorded a gain of 2.42% in Q1 2023, but such an increase was not as significant as in other regions. The Bank of England (BOE) raised its key bank rate by 25 basis points to 4.25% during the March 2023 meeting, whilst inflation unexpectedly edged higher to 10.4% in February. That being said, the BOE predicted that the country would fall into a recession later in 2023.

Emerging markets posted a positive 3.54% return, still under performing global equities due to US versus China tensions and a strengthening dollar. The Organization of the Petroleum Exporting Countries (OPEC) and its allies, including Russia, agreed to widen crude oil production cuts to 3.66 million barrels per day or 3.7% of global demand. This surprise announcement helped push up oil prices by $5 per barrel to above $85 per barrel, which might harm inflation worldwide. Similarly to global equity, Gold had a positive start to the year with a 7.82% increase in Q1.

Global government bond yields narrowed on encouraging news about inflation, particularly in the US, leading the market to anticipate a slower pace of interest-rate hikes by Central Banks worldwide.