



Our **economic review** is intended to provide background to recent developments in investment markets as well as to give an indication of how some key issues could impact in the future.

It is not intended that individual investment decisions should be taken based on this information; we are always ready to discuss your individual requirements. We hope you will find this review to be of interest.

Provided by



Recent signs of economic resilience

While the latest gross domestic product (GDP) statistics revealed that the UK economy stagnated in February, recent survey evidence paints a more positive picture with signs of 'encouraging resilience' and 'growth momentum.'

Official data released last month by the Office for National Statistics (ONS) showed that the economy saw no growth during February. ONS said that a strong rise in construction activity had been offset by a contraction in the services sector which was hit by a series of strikes by public sector workers, including teachers and civil servants.

Despite February's flat performance, an upward revision to January's growth figure from 0.3% to 0.4%, means that the UK is now likely to avoid a contraction across the first quarter of this year as a whole. Indeed, in the three months to February, the economy actually expanded by 0.1%.

Responding to the GDP data, Chancellor Jeremy Hunt said that the numbers showed there is "absolutely no room for complacency." However, he did note that the economic outlook was "brighter than expected" and said that the UK does now seem "set to avoid recession."

Survey data released towards the end of last month added to signs that the UK may now defy forecasts of an impending recession. The preliminary headline figure



from the S&P Global/CIPS UK Purchasing Managers' Index, for instance, rose from 52.2 in March to 53.9 in April. This represents the strongest reading for a year and was the third consecutive month that the figure had been above the 50 threshold that denotes growth in private sector output.

Commenting on the survey's findings, S&P Global Market Intelligence's Chief Business Economist Chris Williamson said, "The key takeaway is that the economy as a whole is not only showing encouraging resilience but has gained growth momentum heading into the second quarter." 🐾

Inflation remains stubbornly high

The latest official consumer prices data showed that the UK headline rate of inflation remains in double digits, making it more likely that the Bank of England (BoE) will sanction another base rate

hike at its forthcoming monetary policy meeting.

Data released last month by ONS revealed that the Consumer Prices Index (CPI) 12-month rate – which *Continued over* ➔

Markets:

At the end of April, global markets closed largely in positive territory. Although inflation remains a concern, stock markets closed higher as investors considered fresh economic data and a raft of corporate earnings.

- In the UK, the FTSE 100 ended the month on firmer ground, supported by gains in energy stocks. The blue chip index closed the month on 7,870.57, a gain of 3.13%, while the mid cap FTSE 250 closed up 2.62% on 19,425.14, and the FTSE AIM closed April on 829.94, a monthly gain of 2.55%.

- Despite weak economic growth in Q1, some positive earnings landed stateside, boosted by some strong results from banks and tech firms. In the US, the Dow Jones index closed the month up 2.48% on 34,098.16, while the NASDAQ closed the month up 0.04% on 12,226.58.

- On the continent, the Euro Stoxx 50 closed April on 4,359.31, a gain of 1.03%. In Japan, markets traded higher after the Bank of Japan retained its monetary policy. The Nikkei 225 closed the month up 2.91%, on 28,856.44.

- On the foreign exchanges, the euro closed the month at €1.14 against sterling. The US dollar closed at \$1.25 against sterling and at \$1.10 against the euro.

- Gold closed the month trading at \$1,982.55 a troy ounce, a small monthly gain of 0.19%. The price of gold fell at month end as stronger-than-expected inflation in the US and jobs data weighed, raising expectations of further rate hikes. Brent crude closed the month trading at around \$80 a barrel, a small monthly gain of 0.38%.

	Value (28/04/23)	% Movement (since 31/3/23)
FTSE 100	7,870.57	▲ 3.13%
FTSE 250	9,425.14	▲ 2.62%
FTSE AIM	829.94	▲ 2.55%
Euro Stoxx 50	4,359.31	▲ 1.03%
NASDAQ Composite	12,226.58	▲ 0.04%
Dow Jones	34,098.16	▲ 2.48%
Nikkei 225	28,856.44	▲ 2.91%

(Data compiled by the Outsourced Marketing Department)