



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



September 2021

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“Economic data remains strong despite concerns regarding the Delta variant, as global economies reopen and restrictions are lifted”



Matthew Cove DipFA
Director
01304 371 753

August 2021 Market Commentary

Global economies continued to reopen in August, with predominantly developed markets lifting restrictions. Economic data was strong, though it appears that most developed markets are either at, or beyond, their peak rates of growth post pandemic.

The Delta variant has continued to spread with the number of daily cases having picked up globally. In Europe and the UK, the vaccination programmes have meant that hospitalisations have not risen anywhere near as fast as during the last wave. However, in the US, hospitalisations have increased more sharply, raising concern that the link between infections and hospitalisations has not been as effectively cut given the lower vaccination take-up.

United Kingdom

FTSE All Share: 2.67%

The last domestic Covid-19 restrictions were lifted in August. Daily cases, which fell at the beginning of August, have risen steadily since, but for the moment hospitalisations have remained stable as the vaccines have reduced the numbers requiring treatment.

The domestic reopening helped the FTSE All Share to deliver a return

of circa 2.7% over August with the more domestically focused FTSE 250 returning 5.3% over the month.

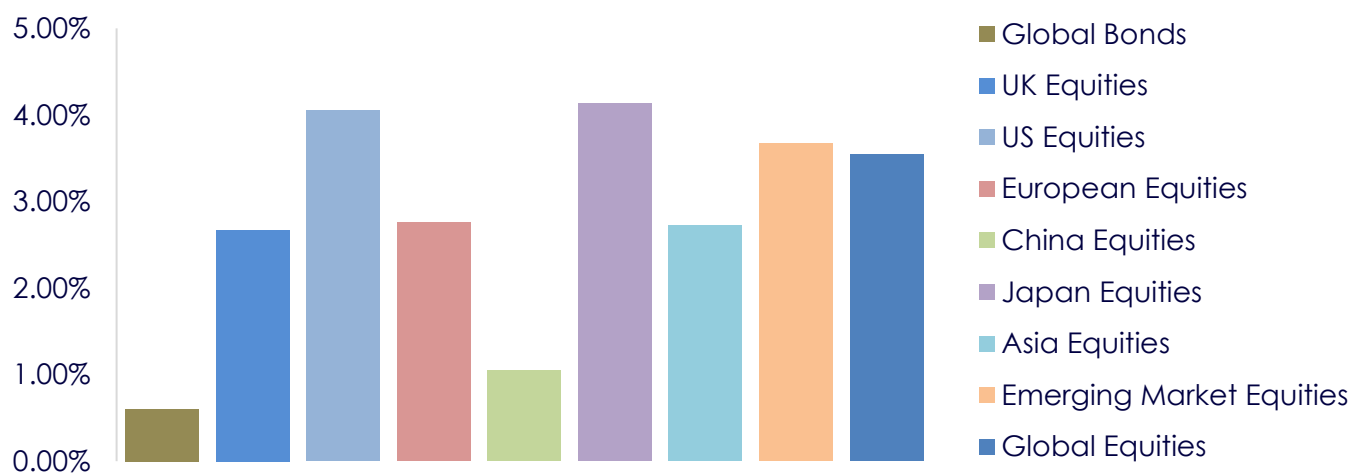
95,000 jobs were added in June. With the forthcoming wind down of furlough scheme and job vacancies at record highs, it is forecast that this may help alleviate some of the labour shortage the economy is currently facing.

Inflation also moderated to 2.0% in August.

with the progress made on inflation, which it still believes will be transitory and there are no plans to change the timeline for tapering of its current policy.

The Senate passed a bipartisan infrastructure Bill that contains \$550 billion of new spending. The bill has now moved to the House of Representatives where it faces a much tougher battle to progress but even though it will be subject to cross party negotiations. The

Discrete Monthly Performance as at 31/08/2021



However, inflation remains a concern and the Bank of England outlined the sequence by which it will withdraw its current policy support by ceasing to reinvest maturing bonds when interest rates reach 0.5% and then consider selling bonds when interest rates reach 1.0%.

United States

S&P 500: 4.05%

Data points to an economy that is still growing rapidly, albeit most likely past the peak rate of growth. This is causing concern around the inflationary pressures building, as inflation of 5.4% was recorded which represents a decade high.

The labour market continues to strengthen. 943,000 jobs were added in July, and wages rose by 0.4% over the month.

Federal Reserve (Fed) Chairman Jerome Powell's Jackson Hole speech was well received by the markets. The Fed is content

Bill represents a sizeable injection of capital into the US economy.

Europe

FTSE Developed Europe ex UK: 2.76%

Europe is slightly behind both the US and UK on the road to normalisation. The Delta variant has caused cases to rise rapidly, subsequently denting consumer confidence. That said, Europe has now vaccinated over 70% of the population and hospitalisation rates have remained much lower than in previous waves.

With the European Parliament and the European Central Bank effectively on summer breaks economic news was limited, albeit inflation was recorded to be 2.7%.

China

CSI 300: 1.05%

Chinese regulatory changes continued through August with a widening number of industries and sectors impacted. China has

also had to deal with the outbreak of the Delta variant. It has responded with its previous strategy of mass testing and mobility controls. This has been forecast to impact short-term economic activity in China.

Japan

MSCI Japan: 4.13%

Japanese shares made gains in August being boosted by positive corporate results and a stronger than expected growth rate than that which was previously forecast. However, there are growing concerns over the spread of Covid-19. Generally, Japan has consistently seen a lower infection rate than most developed countries during the Pandemic, but now faces a more serious test as it is picking up rapidly. Currently the mortality rate remains low, but there are growing concerns over the ability of hospitals to cope with rising cases. There is also political uncertainty following the resignation of Prime Minister Suga, which has introduced uncertainty with respect to the direction of government policy over the next few months.

Emerging Markets

MSCI Emerging Markets: 3.67%

The slow pace of vaccinations has left many countries outside of India and China vulnerable to the Delta variant. However, cases in India remain low despite a rebound in mobility following the easing of restrictions and it has consequently posted robust market returns. Thailand and the Philippines recorded strong gains, amid optimism towards economic reopening and a recovery in tourism following the announcements of an easing of lockdowns.

Global Bonds

Bloomberg Barclays Global Agg: 0.60%

Global bond yields rose in August despite the signs of slowing growth and ongoing concerns over the Covid-19 Delta variant, inflation and the withdrawal of monetary policy support.

Corporate bonds predominantly made small negative returns, which was in line with the returns achieved by government bonds. However, this was offset by higher yielding bonds which made positive returns.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/08/2021

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	-2.21	7.97	7.52	7.76
UK Equities	26.95	11.37	33.29	13.68
US Equities	27.04	52.94	111.80	13.01
European Equities	26.51	31.73	66.21	13.45
Japan Equities	16.71	17.79	47.16	11.76
Asia Equities	30.01	34.49	71.85	13.74
China Equities	4.82	52.95	57.45	16.38
Emerging Market Equities	17.84	25.25	56.09	13.69
Global Equities	26.25	43.50	90.01	12.36

Data source FE Analytics 31/08/2021. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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