

Market Bulletin

This month's market update comes from BNY Mellon, Manager of the Omnis US Equity Fund.

Terrorist attacks were once again the catalyst for market wobbles in Europe during the month of March - this time as Islamic extremists targeted Brussels airport and Maalbeek metro station. In the US, Donald Trump and Hilary Clinton made headway against other candidates in their race for the leadership of the Republican and Democratic parties respectively.

Europe

The European Central Bank (ECB) surprised markets by delivering an enhanced bank lending programme and an expansion of quantitative easing to include non-bank corporate bonds. Nonetheless, the impact of these measures was undermined somewhat when the bank's president Mario Draghi said additional new money into the money supply would be harder to come by in the future. Some commentators suggested the ECB had thrown everything but the kitchen sink at the problem of deflation and was now running out of options.

In the UK, the upcoming referendum on the country's membership of the European Union continued to create uncertainty - and sterling fell accordingly. Work and Pensions Secretary Iain Duncan Smith upped the ante with a resignation that underlined the lack of unity within the ruling Conservative party on the issue of Europe.

Elsewhere in Europe, interest rate cutting remained a theme. Norway's Norges Bank cut its interest rate by 0.25% and flagged an additional cut in June. Hungary's central bank surprised markets by also cutting its interest rate.

Fed warns on risks

In the US, the Federal Reserve kept interest rates unchanged in its March meeting and signalled caution regarding global financial and economic risks. This was despite jobs data that showed 242,000 jobs were added in the US economy in February, more than the 172,000 added in January and above forecasts.

In politics, the presidential primaries dominated headlines, as frontrunners Donald Trump and Hilary Clinton edged into the lead in the race for the Republican and Democrat party nominations.

In Mexico, the central bank trimmed its 2016 growth forecast. Even so, Mexican markets remained buoyant, as did Canadian.

Asia: China's muted outlook

China continued to acclimatise to less rampant growth expectations. Weak economic data underscored the change of pace as both the retail and industrial sectors were shown to have lagged in January and February. Retail sales were also lacklustre - showing no evidence of the usual uptick from China's New Year holiday. Industrial production for the year to the end of February was below forecasts.

Elsewhere in Asia, the Japanese market remained undaunted by a 2.3% fall in retail sales in February, with a 4.6% rise over the month.

A bumpy ride for oil

Oil pricing benefited from a report by the International Energy Agency that suggested lower US output was helping to reduce a glut in supply. A meeting scheduled for 17 April between major producers to discuss production also boosted optimism. West Texas Intermediate (WTI) (a widely used proxy for the global oil price) rose 22.86% to US\$41.45 a barrel before dropping back to US\$38.34 a barrel by month's close. Even so, the current price still reflects a 63.25% decline from five years ago.

Past performance is not a guide to future performance. The value of an investment and any income from it can fall as well as rise as a result of market and currency fluctuations. You may not get back the amount you originally invested.

For information only. Always seek our professional advice before acting.

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