Monthly Market Update

August 2019

In a dramatic move, Britain's new Prime Minister Boris Johnson set in motion the suspension of the UK Parliament - which means MPs have much less time to debate Brexit, the process of the UK leaving the European Union. Parliament is to be suspended for five weeks ahead of 31 October, the day the UK is due to leave the EU.

Boris Johnson wants to start a new parliamentary session, with a fresh programme, from 14 October. Instead of a normal three-week autumn recess, parliament will now wrap up some time around 10 September.

With so little time, MPs would find it difficult to stop the UK leaving the EU without a deal.

The possibility of a "no deal" Brexit means the pound remains relatively weak against the US Dollar and Euro. £ Sterling ended August at 1.22 US Dollars, which was the same as at the end of July, which if you recall was 4.2% lower than the closing figure at the end of June.

Against the Euro, £ Sterling ended August at 1.11 Euros, which was similar to the July closing figure of 1.10 Euros.

In terms of global stock markets, August was a tough month for the FTSE 100, which closed at 7,207.18, which was 5.0% lower than the July closing level.

In the US, the Dow Jones 30 was also lower, albeit only 1.7%, ending August at 26,403.28.

Inflation, as measured by the Consumer Prices Index including owner occupiers' housing costs (CPIH), was 2.0% in July 2019 (this is July's data which is reported in August). This was up from 1.9% in the previous month. The 12-month rate for the Consumer Prices Index (CPI) rate which excludes owner occupied housing costs and council tax was 2.1% in July 2019, similarly a slight increase over the previous month.

The Bank of England maintained interest rates at 0.75% in August. The last change was an increase in August last year. This means long-suffering deposit savers are likely to continue to lose money in real terms when you consider the rate of savings interest compared to the rate of inflation.

The Omnis Managed funds, Openwork Graphene Model Portfolios and Omnis Managed Portfolio Service provide you with a diversified asset allocation in line with your Attitude to Risk, investing in Developed Market Equities, such as UK, US, Europe and Asia Pacific as well as Emerging Market equities. Cautious and Balanced investors will also have significant holdings in UK and Global Bonds, as well as Alternative Strategies.

We believe this multi-asset approach aims to give you the best opportunity for the highest level of return for your stated level of risk.

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.

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