THE **CAMBRIDGE** WEEKLY

19 April 2022

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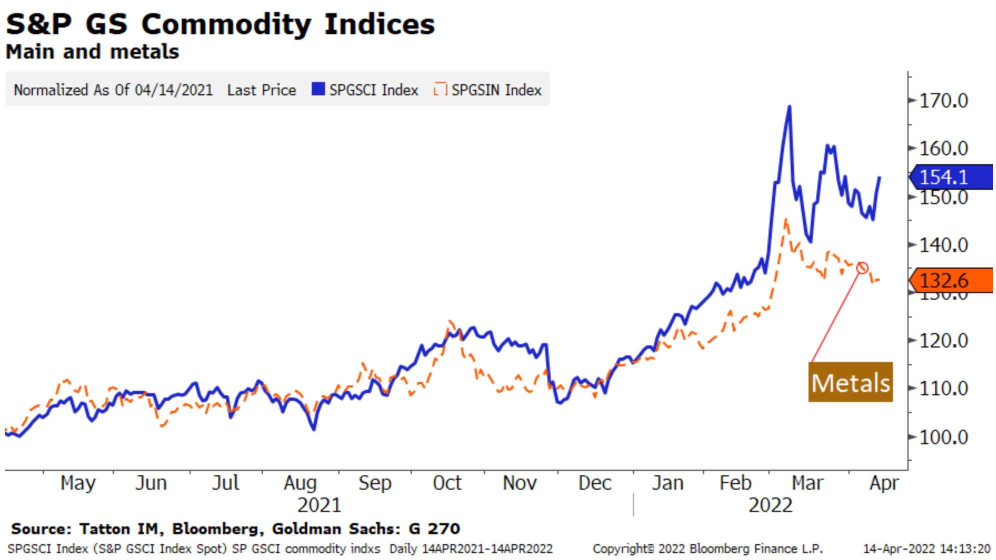
Easter review and outlook

The annual rate of inflation, as measured by the consumer price index (CPI) was reported at 7% in the UK, 8.5% in the US and even Germany recorded 7.3%. These are heights not seen for 40 years and were unsurprisingly front and centre of last week's news flow. While equity market investments have historically demonstrated their inflation-hedging characteristics, the fact that investors appeared to shrug off these new peaks may well point to the belief that this is about as high as inflation is likely to get.

Even so, one would be brave to call this the summit. However, there were a few souls willing to say so and, at the margin, investors seem inclined to agree. We go into more detail on this in our article about US inflation, following the release of US inflation data last week.

In essence, markets have come to accept that the US Federal Reserve (Fed) is serious about preventing the price rises of the past quarters from becoming engrained and structural, through a change of economic actors' mindsets. More importantly – as we reported last week – markets appear to believe central bankers will be successful in their task.

While monthly CPI data may already be turning, producer price index (PPI) data for March showed no such decline, which is perhaps no surprise given it tracks commodity prices more closely than CPI. The Goldman Sachs Metals index is showing it has passed a peak rate of growth although the energy-heavy main index is still not yet clearly down from the start of the highs (see chart below).



If CPI is slowing earlier than PPI, perhaps it suggests a cooling of the very consumer demand that was driving inflation in the first place. While the March reading for a leading US consumer sentiment index was better than expected, it is still only just off the five-year low. Business sentiment is also weaker, shown by the US National Federal of Independent Business (NFIB) survey.

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Slightly at odds with this is that intentions to hire are still higher than they have been for the past three decades, which is notable given it is an important indicator of economic expansion.

Good employees are difficult to find and a shortish downturn in expectations tends to dissuade the employers to stop hiring, let alone fire them. On the side of the corporate economy, we have noticed that US equity analysts have started to downgrade sales growth expectations but margins, which were edging down a bit, are expected to stabilise.

The Q1 reporting season has started with mixed results. Some earnings announcements will inevitably beat expectations – as they are 'engineered' to always do – but Morgan Stanley tells us to treat Q2 guidance with a pinch of salt. Q2 will see slowish earnings growth but hopefully heading towards a second half (H2) that will show stronger real growth while being less inflationary.

Such a positive trajectory may need adults to continue to return to the workforce. They have been doing so but at a slower pace than usual after recessions, as they were so well (over-) supported by governments this time. This diversion from the historical norm is uncomfortable for investors and high equity valuations, particularly in the US NASDAQ, mean that recent early retirees with decent market-tied pension savings can afford to stay away from jobs for longer. In order to get them back, we need the NASDAQ to be weak – a bit of a Catch-22.

Source: US National Federal of Independent Business (NFIB), April 2022.

It will also require that commodity and energy prices do not reaccelerate, and that will depend on both Russia and China to a large extent. While all of this has resulted in whispers of recession doing the rounds, there is an equal possibility for a sharp rebound of stocks if one of the repressors reverses, such as:

- A path to peace opens up in Ukraine, in which case energy prices would probably fall by about $20 per barrel – or roughly 20%.

- China finds a way to reverse its extreme COVID lockdown policies (currently affecting some 40% of production), bringing goods production back online.

On the latter point, it is possible that China somehow engineers a way back to opening up which is not constantly interrupted by another outbreak. The decision to block the Pfizer/Moderna mRNA vaccines, in order to promote China's own healthcare technology winners, assumed they had winners. They might be able to reverse this decision without loss of face.

As Rabobank tells us, the current situation would usually present a buying opportunity from a contrarian point of view. The China credit impulse – which measures changes in new public and private credit as a percentage of GDP – has continued to improve, which historically heralds an upbeat growth outlook. Without it its 5.5% GDP growth target for 2022 is becoming increasingly illusory, and boosting infrastructure is the only viable policy lever to mitigate the downturn.

Capital spending by the Chinese government will likely support related Chinese sectors and the overall commodity complex, but consumer demand and service sectors will be further suppressed.

Unfortunately, however, Xi and Putin, the self-styled strong men in charge of both these hugely influential countries, seem unlikely to reverse their decisions. The more difficult the situation, the more likely they want to appear to be 'STRONG' – by sticking to their previous path. We cannot know the information they receive, nor pretend to understand their mindsets. Unfortunately, everybody's best guess is that they will continue as they have done.

From our perspective, this means that while there is every opportunity for the economic outlook to brighten substantially in a very short period, the more likely outlook is that we will once again experience a muddling through. This should keep the global 'growth-wagon' largely on track, supporting further, if less vibrant, corporate earnings growth. The inherent slowdown in demand that comes with that compared to last year, should mean that central banks can succeed in bringing down inflation without having to deploy the harsh policy measures they are currently threatening, which should in turn relieve some of the valuation pressure that rising rates and yields have had on equity prices over the first quarter of 2022.

The Easter holidays brought some sunshine and warmer temperatures, but whether we will see a similar warming in the global economic outlook still depends on so many ifs and buts, that until China's and Russia's paths become more positive, we should expect sideways trading of markets to continue.

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March 2022: Monthly and quarterly capital market returns review

Asset Class	Index	March	Q1 2022	12 months	2021	5-yr rolling annualised
Equities	FTSE 100 (UK)	1.4	2.9	16.1	18.4	-N/A
	FTSE4Good 50 (UK Ethical Index)	1.2	3.1	12.8	13.0	1.6
	MSCI Europe ex-UK	1.7	-7.4	5.5	16.7	6.6
	S&P 500 (USA)	5.7	-1.9	21.2	29.9	14.8
	NASDAQ (US Technology)	5.5	-6.3	13.2	23.3	20.3
	Nikkei 225 (Japan)	1.4	-3.9	-2.0	2.6	7.9
	MSCI All Countries World	4.1	-2.6	12.4	19.6	11.6
	MSCI Emerging Markets	-0.4	-4.3	-7.1	-1.6	6.0
Bonds	FTSE Gilts All Stocks	-2.1	-7.2	-5.1	-5.2	0.5
	£-Sterling Corporate Bond Index	-0.9	-6.6	-5.5	-3.2	1.9
	Barclays Global Aggregate Bond Index	-1.2	-3.5	-1.9	-3.8	0.7
Commodities	Goldman Sachs Commodity Index	11.7	36.9	72.4	41.6	10.0
	Brent Crude Oil Price	8.9	38.5	74.9	51.5	14.4
	LBMA Spot Gold Price	3.0	8.3	19.2	-2.9	9.2
Inflation	UK Consumer Price Index (annual rate)*	0.7	0.7	5.9	5.4	-
Cash rates	Libor 3 month GBP	0.0	0.0	0.1	0.0	0.5
Property	UK Commercial Property (IA Sector)*	1.1	1.5	9.1	7.4	-N/A

Source: Morningstar Direct as at 31/03/22. * to end of previous month (28/02/22). All returns in GBP.

At the beginning of December last year, we wrote in our 2022 outlook, that "barring any further catastrophes, improvements should continue next year" and "in broad terms, we expect normalisation to be the key theme of 2022". With the end of the first quarter behind us, it is obvious things have not gone as hoped. The man-made, senseless humanitarian catastrophe that is Russia's war on Ukraine, is scuppering any hope of Europe normalising any time soon, and the ensuing length of the energy and commodity price shock has deteriorated the economic outlook. At the same time though, pandemic pressures have receded as hoped, and a form of normalisation has indeed set in across the Western, vaccinated world, except sadly we are not (yet) reaping meaningful post-pandemic reopening dividends.

As a consequence, global equities declined 2.6% over the quarter in sterling terms, as inflation pressures drove central bank tightening, which further unsettled investors. Bonds also declined for much of the period, as the worsening inflation outlook saw fixed income yields rising and valuations driven downwards. Most major equity markets rebounded in March, but not enough to claw back the losses of the previous two months.

In regional terms, the UK equity market ended Q1 2.9% higher, finally outperforming its global peers and ending the quarter as the only major equity market in positive territory. London's resource-heavy stock market composition benefited significantly from the commodity rally and the escalation of energy price movements since the start of the year. On the monetary policy front, the Bank of England followed up December's rate hike with another increase in March, increasing benchmark interest rates to 0.75%.

The main US market fell 1.9% (-6.3% for tech index NASDAQ) as rising yields affected the more yield-sensitive growth and tech sectors. Energy and utility firms, however, erased some of the losses on the back of the Ukraine-Russia situation and the commodity rally that the escalations caused. European equities bore the brunt of the external geopolitical shock and fell 7.4% over the quarter, as inflation and central bank concerns were compounded by outright energy supply security fears. Even though there was some relief following the announcement that the US will supply the European Union (EU) with American liquefied natural gas, a deal that should reduce the region's dependency on Russian energy, uncertainty around supplies continued and consumer sentiment worsened over the quarter.

Emerging Market equities dropped 4.3% over the quarter. China, the biggest component of the index and the main driver of performance, faced slowing economic activity after struggling to contain a new COVID outbreak which, under its Zero-COVID regime, forced local authorities to impose the strictest lockdown measures seen since the original 2020 Wuhan outbreak. Japanese equities also ended the quarter down 3.9%, as it was caught in the East Asian activity downdraft concerns. However, and in contrast with most of the world's central banks, Japan's central bank announced a plan in March to expand its quantitative easing programme.

Unsurprisingly, in commodities, oil prices soared 38.5%. Prices were already at all-time highs as the global economic recovery was well underway, driven by the post-pandemic activity revival narrative, when the self-imposed sanctions against Russia created further anxiety around tight global supplies.

In Q2, we expect investors will continue to focus on just how much tightening monetary policy will act as a headwind to equity valuations, and coming to terms with an environment where rising corporate earning yields may no longer be relied on to drive up stock markets.

Has US inflation peaked?

Good news or bad news? US inflation readings brought both last week, as two key indicators were released, and showed mixed signals. First up was the release of last month's consumer price inflation (CPI) figures, which revealed an 8.5% year-on-year rise – the biggest annual cost jump in more than 40 years. Even so, this figure was lower than economist estimates. More tellingly though, the monthly jump in so-called 'core' CPI (which excludes the volatile components of food and energy) was below expectations. This suggests inflation might have stopped running away, and may even be slowing down, a sign that capital markets took well.

That was the good news. Some bad news was not far behind. March's producer price inflation (PPI, for final demand) figures were released last Wednesday, showing a 1.4% monthly increase and a whopping 11.2% year-on-year jump, well above expectations. This suggests cost pressures remain strong for businesses, which will likely push price increases onto consumers down the line. Perhaps this throws some doubt on the apparent slowdown in core CPI – which may prove to be a temporary break rather than a peak.

The historic surge in prices over the last 12 months comes from immense supply-side pressures, and a post-COVID recovery in global demand. Sustained inflation – exacerbated by the energy and commodity price shock Russia's invasion of Ukraine caused – has forced the Fed to tighten monetary policy much faster than was expected last year. Economists now expect a 0.5% interest rate hike next month, followed by an aggressive reduction of the Fed's balance sheet (reversal of quantitative easing through quantitative tightening). Signs of a fallback in CPI will therefore be welcomed by the Fed, but the PPI figures mean it must stay vigilant.

As we wrote last week, bond markets are signalling that investors expect the Fed to get a handle on prices, bringing down growth and inflation so that they reach a sustainable level in the next year or so. This is backed up by the reaction to CPI data, which saw nominal US Treasury yields move slightly lower. Slowing core CPI is a "welcome" development according to Fed Governor Lael Brainard, but she will "be looking to see whether we continue to see moderation in the months ahead".

Mixed CPI and PPI data signals have sparked debate on whether we are past the peak for inflation. Some point to the easing of supply bottlenecks (not including Russian oil and gas) and shifting base effects as causing a fallback in inflation. Others note that supply chains are still congested, and that lower headline figures do not mean sustainable prices. According to Veronica Clark at Citigroup: "While core PCE might not climb any higher on a year-on-year basis, we would not expect the Fed would be particularly comfortable with stable 5% inflation."

Her point is crucial. We can debate whether we are past the peak or not, but more important is what happens after that. As COVID base effects wane, year-on-year price increases will inevitably come down. What we want to know is the level they will fall to – and how quickly they will get there. As noted last week, bond markets expect the Fed to tighten to around 3-3.25% over the next year, after which inflation will settle at just above the 2% target. But for that to happen, cost pressures must come down quickly. If inflation were to be at an ongoing (three-month annualised) rate of 4% at the end of the year, investors and the Fed would almost certainly be thinking that the economy needed to be put into an induced coma. Recession would be inevitable. Even a 3% rate would be difficult.

Input costs have been one of the main causes of global inflation, with commodities across the board seeing huge price increases since pandemic restrictions eased. This input cost shock seems to have lost steam, if not eased entirely. Oil supply was clearly a major concern following the Ukrainian crisis, but supplies have now been released and a further jump upwards looks unlikely in the short term. The pullback is less clear in other commodities, but the easing of bottlenecks should help further down the line.

A crucial contributor to inflation over the last year was the shortage of labour. The so-called 'great resignation' of workers not returning to their jobs after the pandemic pushed up labour costs, particularly in previously low-paid sectors. We saw this in the dramatic wage increases for construction and logistics. Residential construction has started slowing after raw material price rises and mortgage rates hitting 5%. Meanwhile Freightwaves, a haulage information company, tells us that freight is also slowing, leading to some alleviation of wage pressures in these areas (and it may be that demand appeared more elevated because of previous shortages and backlogs).

Any fall in goods inflation has to be balanced against what happens in the services sector. Consumers tend to buy more goods in winter months and more services in summer months. We are seeing this now, with a transfer of demand from producers to the services industry. This could well mean a shift in the sources of inflation too – particularly if labour shortages continue to be felt for service providers.

The positive thing to note is that, over the course of the last month, the market pricing for long-term inflation has moved down slightly. At the end of March, bond markets indicated that inflation would settle at 3% over the long-term – which would likely force the Fed into a tighter position and prove a negative for growth. This figure moved back down though, and has not risen higher since. Nominal bond yields have also come down, which is a great help for capital markets.

As an aside, we have seen a similar – if not larger – fall in inflation expectations here in the UK. As we have written before, this is likely down to the government's relatively tight fiscal position, which is expected to be a significant drag on growth. The same is not true in Europe, for reasons that are not entirely clear. Sustained higher inflation on the continent could be down to the euro's weakness, or its exposure to Russian gas shortages – but there is also a sense that the ECB is perhaps less interested in fighting inflation than its peers.

Again, what matters here though is the path for inflation – not simply whether we have passed the peak. That path looks steady for now, but there remain many uncertainties ahead.

Insight article: Imagining real yields

We talk about bonds a lot in these pages. Readers might assume bonds are a simple kind of investment, and as far as fixed interest bonds go, they would be right. But recently we have talked a great deal about inflation-linked government bonds, so-called 'real' yields. Bond markets of the latter variety are critical for understanding capital markets in general, but can be harder to grasp. We thought a primer that demystifies these assets might therefore be useful.

First, take the example of a fixed-interest bond. The UK government issues a ten-year 3% fixed coupon bond on 19th April 2022 (this fixed interest rate is sometimes termed the nominal rate). You decide to buy £100 worth. The initial 100% face value is known as the principal (though in reality the issue price is not always 100%), and you get 3% of the principal each year on the anniversary. In the days of printed bonds, you would have to send a cut-out of the printed tag in the post to receive your money – which led to the term 'coupon' being used – but the process is thankfully simpler now.

You receive £3 on 19th April 2023, and again every year until 2031. On 19th April 2032 you get the final £3 interest payment, and you also get back the principal £100. The assumption is that you will reinvest every £3 payment at 3%, which is why you will be told that there is a 3% compound yield. However, it may not be possible for you to actually get the 3% rate each time you come to reinvest.

Most buyers of bonds are looking for a safe investment. Indeed, government bond yields in the developed world are known as the 'risk-free' rate of return. But what safety means here will depend on the investor. Most of us do not just want the same exact amount returned; we also want to have at least the same purchasing power in the future. Which is where inflation comes in.

Most central banks have inflation targets, almost uniformly set at 2%. If we assume central banks are going to be successful in achieving this target (on average), a 3% return seems pretty good. With a 3% annual return and 2% annual inflation, your purchasing power is increasing by 1% every year. This is what we call the 'real' yield: interest minus inflation.

Unfortunately, you cannot be sure of what the actual inflation rate will be over the next ten years, so your real return is not fixed when you buy the bond. If inflation averages much higher, your real return will be wiped out. Anyone who bought a ten-year fixed-coupon UK bond yielding only 0.2% (as was the case in May-December 2020) and held it will be facing this exact problem now.

Inflation-linked government bonds are designed to account for this. They give you the "demanded" real rate of return (1% in our example) *plus* inflation. The simplest way to do this is to give the real-plus-inflation coupon and then pay back 100% of the principal. But when these bonds were first devised in the 1980s, investors wanted the bonds to deal with the reinvestment issue; they wanted to be sure of getting at least inflation compounded up.

So, every day the principal is increased. If inflation is steady at a 2% annual rate, the principal rises by about 0.006% (using a straight-line interpolation between the monthly inflation index readings) so that when the interest is paid (on the anniversary), it will have gone up by the year's inflation. This means that for every day after the inflation-linked bond is issued, the principal amount is revalued in line with the move in the inflation index. Virtually all governments use a three-month delay for the inflation index, which means the first two months of rise in the principal is already known, but not beyond that.

No matter what inflation does, you can be assured you will get both the interest payments and the final payment rising by inflation.

Year	Fixed bond cash flows	Real bond cash flows
0	-£100.00	-£100.00
1	£3.00	£1.02
2	£3.00	£1.04
3	£3.00	£1.06
4	£3.00	£1.08
5	£3.00	£1.10
6	£3.00	£1.13
7	£3.00	£1.15
8	£3.00	£1.17
9	£3.00	£1.20
10	£103.00	£123.12

The table shows the cashflows of our two imaginary bonds. Inflation-linkers will always have smaller coupons and a larger principal repayment than nominal bonds. The duration (the weighted average time it takes to get your money back) will therefore be higher for comparable maturities, which will also make the inflation-linked bond price more sensitive to changes in yield.

You might note that duration is not necessarily the same thing as actual volatility. Back in 2016, UK government-issued inflation-linkers and fixed interest bonds of equivalent maturity had the same price volatility, because real yields moved less than nominal yields. Since then, inflation-linked bonds have become more volatile than their fixed equivalents, with real yield moves equalling or exceeding those of nominal yields (because the inflation expectation changed a lot).

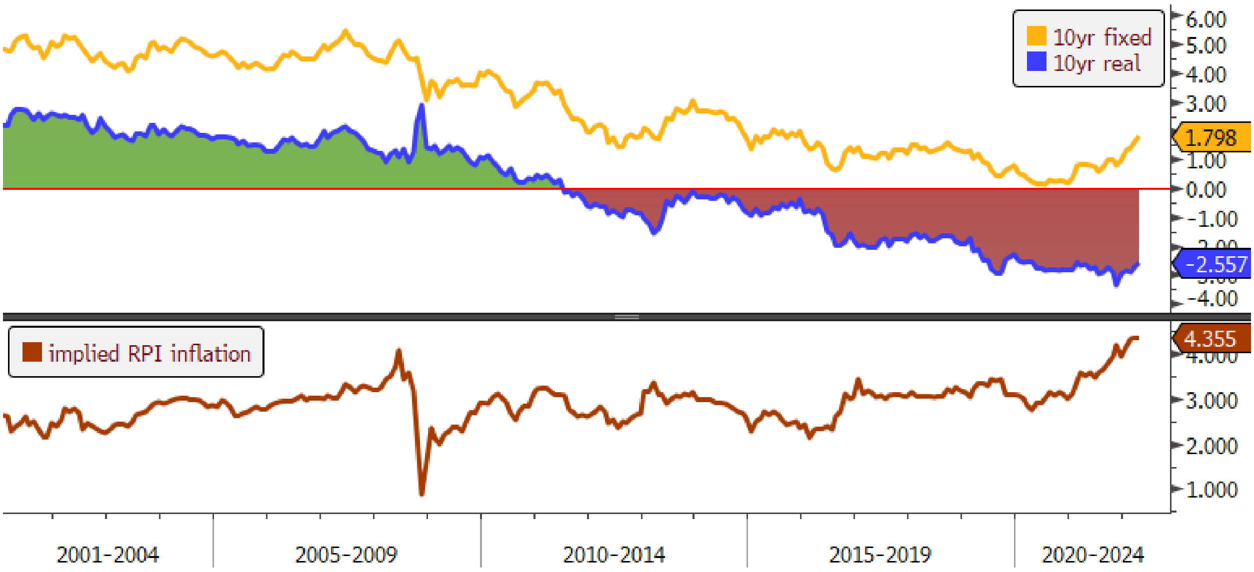
In our examples, we have supposed that the yields on both the fixed (nominal) rate and the inflation-linked (real) rate have been positive. However, for quite some time now especially in the UK, real rates have been below 0%. So, what does this mean? Well, we started out thinking of an inflation-linked bond which paid inflation + 1%. Currently it pays about -2.5% (negative 2.5%). The actual bond does have a real coupon of

0.125% - so the principal rises (and so, therefore, will the coupons) by inflation +0.125%. However, today's price is not 100%, it's 128.5%.

This is what gives the negative yield. It isn't any different to normal fixed coupon bonds. From mid-2019 to the end of this February, German ten-year fixed government bonds had a 0% fixed coupon (i.e., zero interest) and were priced over 100%.

No inflation-linked bond has been issued with a negative real coupon. There is a technical reason for this (we believe). Most inflation-linked bonds have a deflation clause; this states that the bond's principal cannot go below 100% at maturity (the coupons can be reduced, however, if inflation turns into deflation for a long enough period). If the coupons actually turn negative (rather than positive, but lessened by deflation), the investors would have to take a reduction in the principal, which may ultimately conflict with the long-term deflation clause.

UK 10-year fixed and real rates
with implied expected RPI inflation in second panel



Source: Tatton IM, Bloomberg: G808

EC256595 Corp (UKT 4 ¾ 06/07/32) UK real 10 yr GTGBPII10 Monthly 01JAN2001-13APR2022 Copyright© 2022 Bloomberg Finance L.P. 13-Apr-2022 20:53:14

So might the differences between real and nominal yields be used to derive market implied inflation predictions? This is indeed the case, and the above chart shows how the nominal and real yields (for bonds of similar maturity) can be compared to extract a view of what investors think inflation might average over that maturity term. You can have 1.798% fixed ten-year return or a -2.557% return after inflation. Everything else being equal, you would only choose the (substantially negative) real return if you thought inflation would average more than the difference between the two rates:

$$1.798\% - (-2.557\%) = 1.798\% + 2.557\% = 4.355\%$$

The lower chart tracks the difference – this is the market-implied (breakeven) inflation rate. This has become greatly watched by market participants over recent months and we refer to it in the article above about inflation potentially having peaked.

Some further explanatory notes to accompany this insight piece:

- Our simple example shows the bonds having annual coupon payments. In fact, US, UK and Japan pay semi-annually, half the stated rate every six months.

- After the UK introduced the first inflation-linked bonds (Index-linkers) in 1981, other countries slowly joined in. The US introduced Treasury Inflation-Protected Securities in 1997. The market has grown and is popular with many different types of investors. Insurers and annuity buyers (defined benefit pension funds and individual drawdown pensioners) are the main investors, with risk regulations essentially ensuring a large demand.

- Most markets are linked to CPI, most of which are calculated in a very similar way across the developed world. The UK market is linked to the old Retail Price Index (RPI). Despite many attempts by the UK government and the Debt Management Office to change this, the link between defined benefit pensions and the RPI (originally set in stone by the government) makes it difficult for the major investor base to change.

- The RPI is an arithmetic mean calculation whereas the CPI measures are geometric means. In normal times the 'formula effect' adds about 0.8% to RPI. When the indices become more volatile, the RPI measure increases relatively. Also, the RPI has a different composition, which can create some large differences. Currently the difference is the widest ever at 2.6% for the past 12 months; RPI at 8.9%, CPIH (CPI including owner occupiers' housing costs) at 6.3%.

- Last November, HM Treasury and the UK Statistics Authority announced the decision to effectively replace RPI with the CPIH from 2030. This is being contested by the major pension funds in court. The government was due to provide its defence in February but has yet to be reported as doing so.

A final aside: fixed coupon bond issuers are both governments and companies. However, the inflation-linked market is almost entirely government-led. Recent inflation dynamics have substantially increased government liabilities – they will have to pay back much higher principals than originally forecasted. While this will be offset by higher tax revenues, the impacts on budgets are much more immediate than happens when fixed coupon debt is refinanced. Governments may be more reluctant to issue this type of debt in the medium term, which may in turn reduce the returns available.

CAMBRIDGE
INVESTMENTS LIMITED

19th April 2022

Global Equity Markets

Market	Thu 14:33	% 1Week*	1 W	Technical Short	Technical Medium
FTSE 100	7581	-0.1	-7	→	↗
FTSE 250	20984	-0.6	-116	→	↘
FTSE AS	4212	-0.1	-6	→	→
FTSE Small	6949	+0.4	+25	→	↘
CAC	6542	+0.7	+43	↘	→
DAX	14076	-0.5	-75	↘	↘
Dow	34428	-0.2	-68	→	→
S&P 500	4431	-1.1	-50	→	→
Nasdaq	13599	-2.1	-289	→	↘
Nikkei	26843	-1.9	-507	→	↘
MSCI World	2960	-1.7	-52	→	→
CSI 300	4140	-2.9	-124	➘	➘
MSCI EM	1110	-2.8	-32	➘	➘

Top 5 Gainers

Company	%
Fresnillo	+8.5
Renishaw	+5.2
Smiths	+5.2
BP	+4.3
Int'l Consol Air	+4.1

Top 5 Decliners

Company	%
Just Eat Takeaway.com	-15.5
Rolls-Royce	-6.7
Polymetal Internation	-6.5
Experian	-6.4
Entain	-6.0

Currencies

Pair	last	%1W
USD/GBP	1.310	+0.2
GBP/EUR	0.831	+0.3
USD/EUR	1.09	-0.1
JPY/USD	125.55	-1.4
CNY/USD	6.37	-0.1
Bitcoin/$	40,830	-3.8

Commodities

Cmdty	last	%1W
Oil	107.20	+6.1
Gold	1978.7	+2.8
Silver	25.72	+5.1
Copper	470.3	-0.7
Aluminium	3267.0	-5.7
Soft Cmdties	241.3	+1.3

Fixed Income

Govt bond	%Yield	1 W CH
UK 10-Yr	1.80	+0.10
UK 15-Yr	2.01	+0.13
US 10-Yr	2.67	+0.07
French 10-Yr	1.26	+0.08
German 10-Yr	0.77	+0.12
Japanese 10-Yr	0.24	-0.01

Global Equity Market - Valuations

Market	Div YLD %	LTM PE	NTM PE	10Y AVG
FTSE 100	3.7	14.2	11.2	14.3
FTSE 250	2.8	12.2	14.5	16.3
FTSE AS	3.5	12.4	11.5	14.5
FTSE Small x Inv_Tsts	2.6	1.4	10.5	15.3
CAC	2.3	15.0	12.4	15.2
DAX	2.4	14.1	12.3	13.7
Dow	1.9	17.4	18.0	16.8
S&P 500	1.4	22.0	19.6	18.1
Nasdaq	0.7	25.8	28.1	23.9
Nikkei	1.9	14.8	14.8	17.7
MSCI World	1.8	18.2	17.3	17.0
CSI 300	1.9	14.2	12.3	12.7
MSCI EM	2.6	11.8	11.9	12.7

UK Mortgage Rates

Mortgage Rates	Apr	Mar
Base Rate Tracker	1.50	1.50
2-yr Fixed Rate	2.11	1.91
3-yr Fixed Rate	2.03	1.90
5-yr Fixed Rate	2.12	1.94
10-yr Fixed Rate	2.44	2.34
Standard Variable	3.99	3.95

* The *% 1 week* relates to the weekly index closing, rather than our Friday p.m. snapshot values

** LTM = last 12 months' (trailing) earnings;
***NTM = Next 12 months estimated (forward) earnings

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The value of your investments can go down as well as up and you may get back less than you originally invested.

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