

## Weekly bulletin: UK consumers are coming under pressure

### Key takeaways

UK high street sales plummeted in March, and consumer confidence is at a long-term low, raising questions about how UK consumers can withstand higher costs of living. Elsewhere, bond markets sent nervous signals about interest rate rises, and the results of the French presidential election were announced.

- The latest UK economic data has raised some concerns about prospective growth. According to the Office for National Statistics, the volume of sales on the high street fell by 1.4% in March – much worse than generally expected. Consumer confidence readings also dropped to their lowest levels in decades. This stands in contrast to the US, where the all-important consumer has held up the economy throughout the recovery so far.
- The latest data raises concerns about consumers' ability to withstand outsized cost pressures, including higher energy, fuel and food prices, as well as increasing interest rates. However, UK consumers have built up significant excess savings over the past two years (during the pandemic), which could help to provide a financial buffer.
- Bond markets hit the headlines again last week, with yields on 2-year US government bonds (Treasuries) finishing at their highest levels in more than three years on Friday (the prices of these bonds fell accordingly). Bond investors were reacting to comments by the head of the US central bank, confirming that a significant rate hike could take place in May. Overall, bond markets are signalling that they expect the central bank to double interest rates by July.
- The results of the French presidential election, delivered over the weekend, saw the incumbent – Emmanuel Macron – hold on at the helm. This was no mean feat, and represents the first time that a governing president has been re-elected in the country in around two decades. His next challenge comes in the form of parliamentary elections in June, often termed the 'third round' of the presidential election. These elections define the composition of French parliament, and will strongly affect Macron's ability to deliver on his campaign promises for reform.

### Weekly market moves

In a challenging week for global stock markets, share prices were held back by a range of factors including the ongoing war in Ukraine, rising bond yields, and negative business news from Netflix.

China's stock market was also down for the week – the result of ongoing COVID-19-related restrictions and concerns about potential knock-on effects for national economic growth.

Volatility in bond markets continued, with bond yields rising (and bond prices falling) in response to comments on interest rates from key US central bankers.

### What to look out for this week

Major US-listed businesses are still announcing their results for the first quarter of 2022, and their outlooks for the period ahead. A number of important companies will release their results this week, including Apple, Amazon and Microsoft.

## Market moves (as at 22 April 2022)

	Index Levels	Last Week	Month to Date	Year to Date
<b>Equity</b>				
MSCI United Kingdom	2,159.3	-1.2%	0.5%	5.3%
MSCI United Kingdom Mid Cap	1,276.4	0.5%	-0.6%	-12.1%
MSCI United Kingdom Small Cap	416.2	-0.7%	-0.6%	-12.3%
MSCI World (GBP)	2,231.8	-1.0%	-3.1%	-5.3%
S&P 500 (GBP)	4,271.8	-1.2%	-3.3%	-5.1%
MSCI Japan (GBP)	1,173.5	0.0%	-5.2%	-8.8%
MSCI Europe ex-UK (GBP)	1,576.2	0.7%	-1.2%	-8.4%
MSCI Pacific ex-Japan (GBP)	1,677.0	-0.9%	-1.5%	5.2%
MSCI Emerging Markets (GBP)	62,579.2	-1.8%	-3.3%	-7.4%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	1,210.1	-0.2%	-3.1%	-10.3%
BoA Merrill Lynch Index-Linked Gilts	589.7	1.5%	-4.4%	-9.8%
BoA Merrill Lynch £ Corporate	423.9	-0.8%	-2.7%	-9.4%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$102.1	-3.0%	4.1%	42.9%
Gold (GBP)	\$1941.6	0.5%	2.5%	13.4%
S&P / GSCI (GBP)	3,822.0	-1.0%	6.1%	45.3%

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