



The Premier Partnership Limited
Your Family Office

The Year Of The Rabbit

Well, the longest (seemingly) month of the year is over, and so is dry January - and the diet - yippee!

However, on a more serious note, the start of the year has not been a bad one for markets, with all major developed market indices providing positive returns. Dow Jones +2.0%, S+P 500 +5.79%, Nasdaq +10.39%, FTSE 100 +4.01%. Certainly better than the dismal returns from 2022.

The major economic factors that will shape 2023 will be the ones we have reported and commented on before: Inflation expectations, economic downturns (recession), the re-opening of China and the revival of Japan.

Despite remaining above Central Bank targets, inflation should start to moderate as economies slow and the labour market weakens. The easing of supply chain pressures by the re-opening of China for trade will also help ease inflationary concerns.

As we head into the spring, pressure will also be eased on energy prices via falling demand, and Europe's diversification of its energy suppliers. The equity sell off in 2022 has left some market areas with strong earnings potential, trading at very low valuations, and so there are opportunities in equity markets to be exploited.

So, will inflation start to behave as economic activity slows? Standard economic theory would say, yes, and if so, Central Banks can stop raising interest rates, and recessions would therefore be relatively modest. If however, on the flip side of the coin, inflation does not slow, then interest rates will not come down, and an uglier scenario occurs, where we re-enter the 'Winter of Discontent', a period when the UK became the sick man of global economies due to concerted and ongoing industrial strife.

Fortunately, there are already convincing signs that inflationary pressures are moderating, and should continue to do so during 2023. This is what the markets have been telling us during January, and is why we have seen positive returns from investment markets. We have often stated that global equity markets are economic barometers that look forward - not backward - to times ahead. At the beginning of 2022 investors faced a very unfavourable point to start investing as both equity and bond markets appeared expensive from a valuation viewpoint, but it took the start of the war in February to focus this view down to a single point of consensus on market valuations.



Investment REPORT

However, we enter 2023 with a different set up - notably that inflation has peaked and is falling, but markets can never escape potential short term volatility in values. For that reason, cash deposits as an asset, have come much more into the investment picture, with one year term deposit rates now fluctuating between 4.00 - 5.00%. Not inflation proof, but a solid return at last for cash deposits.

Our Treasury Hub function via Insignis, which is available to all our clients can access extremely attractive cash deposit rates of interest, without breaching the well known £85,000 deposit limits for regulatory compensation. Ask us for details if you would like to know more about better management for your cash resources.

2023 is the Chinese year of the Rabbit - a signal of peace and prosperity. Let's hope so.

Until Next Time

Global Stock Market Performance 2023

Market	Index	30 December 2022	31 January 2023	Percentage Performance Year to date
USA	Dow Jones	33006.97	33791.28	+2.38
	NASDAQ	10397.46	11503.12	+10.63
	S&P 500	3822.23	4042.86	+5.77
UK	FTSE 100	7451.74	7771.86	+4.30
France	CAC 40	6504.22	7082.42	+8.89
Germany	Xetra Dax	13923.59	15128.27	+8.65
Italy	FTSE MIB	23706.96	26599.74	+12.20
Spain	IBEX 35	8229.10	9034.00	+9.78
Switzerland	SMI	10729.40	11285.78	+5.19
Japan	Nikkei 225	26094.50	27327.11	+4.72
Hong Kong	Hang Seng	19781.41	21842.33	+10.42
China	Shanghai Composite	3089.26	3255.67	+5.39
India	Sensex 30	60840.74	59549.90	-2.12

Data provided by Morningstar

MSCI WMA Private Investor Index Series Values

Capital Performance	31 January 2023	% Change During:		
		3 months	12 months	5 years
Global Growth	2933.201	4.47	0.83	8.85
Balanced	2701.699	3.83	-2.03	4.07
Income	2480.328	3.53	-2.82	3.38
Conservative	1758.536	3.32	-6.16	2.03
Growth	2951.377	4.07	0.44	5.42

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The Premier Partnership Limited is entered on the FCA Register under reference 209446.

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