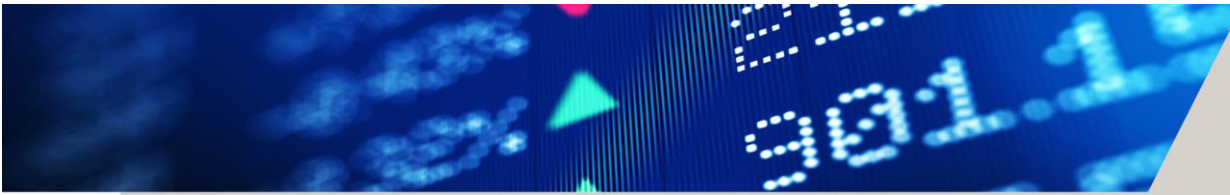


Monthly Market Summary



March 2022



Summary: Equity markets recover while bonds drop further

In March capital markets fluctuated heavily as investors digested economic and geopolitical risks. Global equities rose 2.1% over the month (in USD terms), while global investment grade bonds fell 2.2% (in USD). Key themes included:

- Stocks rebounded whilst core bond yields resumed their upward march;
- Fed raised policy rates by 0.25%, with more interest rate hikes ahead;
- China's markets fell due to fears of sanctions and Covid-19 lockdowns.

Attacks on the ground continued and Ukraine reacted with scepticism to Russia's promise in negotiations to scale down military operations. The US banned Russian oil imports, while the EU is split on whether to sanction Russia's energy sector after Russia announced it would only accept payment in roubles. After a rally mid-March, global equity markets fell again by the end of the month. Despite the recovery, global equities suffered their biggest quarterly loss since the start of the pandemic. In commodities, volatility dominated: Brent touched a 14-year high (\$139/bl intraday) before easing in anticipation of further US supplies and weaker demand from China. Gold rose again and marked its biggest quarterly gain since the pandemic-led surge in mid-2020.

US: Fed hikes; inflation and growth move higher

March turned out to be the worst month for US Treasuries since 2003: The benchmark 10-year Treasury yield touched an almost three-year high of 2.56% during the month. An increasingly hawkish US Federal Reserve (Fed) signalled its commitment to fighting inflation pressures, as it initiated its first interest rate hike since 2018. Headline inflation rose to 7.9% (y/y %) in February, its highest since 1982. The Fed signalled six further hikes with the Fed Funds rate forecast to reach 1.9% by year-end. Powell suggested that the balance sheet could be scaled back from early summer. The first batch of post-invasion data shows economic momentum persisted with the ISM Manufacturing PMI rising to 58.6 in February 2022 (from 57.6). The recovery of the US labour market continued with the unemployment rate falling to a new two-year low of 3.7%.

Europe: Inflation at record highs; sentiment slightly weaker

The annual inflation rate in the Euro Area rose to a fresh record high of 7.5% (from 5.9%) - more than three times the ECB target of 2%. The ECB surprised markets by indicating its asset purchase program could end in Q3, triggering a sell-off in European government bonds. The unemployment rate fell to a record low of 6.8% (from 6.9%) in February. The volatile ZEW Indicator of Economic sentiment slipped to 37.8 (from 48.6) due to concerns on the economic outlook and inflationary pressures, while the latest batch of business surveys dipped modestly but remained at expansionary levels. Geopolitical developments prompted policymakers to consider shunning Russian gas supplies.

ROW: Chinese economy weakens; Yen hits a 7-year low

The Caixin China General Manufacturing PMI fell to 25-month low of 48.1 (from 50.4). The latest print was also the 2nd contraction in factory activity since the start of the year, amid lockdown measures to contain the latest COVID-19 outbreak. In addition to resurgent infection, Chinese stocks suffered a volatile month as sanction and regulatory risks emerged. In Russia, the uninvestable Moscow stock exchange partially reopened, and the rouble returned to pre-invasion levels (81 per dollar). The Japanese yen dropped to a seven-year low as the Bank of Japan bucked the global trend for tighter monetary policy and stoked speculation that it could intervene to prop up the yen.

Performance figures (as of 31/03/2022 in local currency)

Fixed Income	Yield	1M %	YTD %
US 10 Yr	2.34%	-4.0%	-6.6%
UK 10 Yr	1.61%	-1.6%	-4.6%
Swiss 10 Yr	0.60%	-2.4%	-5.1%
German 10 Yr	0.55%	-3.4%	-5.8%
Global IG (hdg \$)	3.09%	-2.2%	-6.8%
Global HY (hdg \$)	6.49%	-0.6%	-5.2%

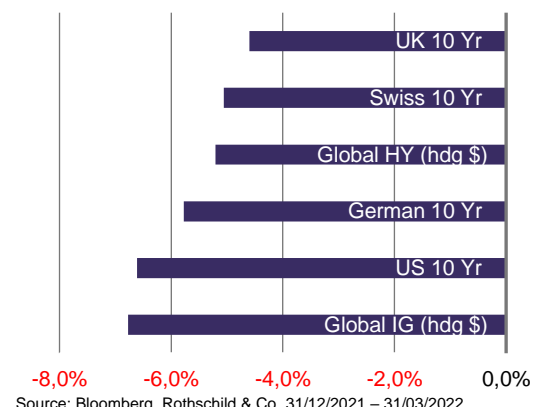
Equity Index	Level	1M %	YTD %
MSCI World (\$)	368	2.2%	-5.4%
S&P 500	4,530	3.7%	-4.6%
MSCI UK	13,510	2.0%	4.7%
SMI	12,162	2.8%	-4.3%
Eurostoxx 50	3,903	-0.4%	-8.9%
DAX	14,415	-0.3%	-9.3%
CAC	6,660	0.1%	-6.7%
Hang Seng	21,997	-2.8%	-5.7%
MSCI EM (\$)	566	-2.3%	-7.0%

Currencies (trade-weighted)	1M %	YTD %
US Dollar	0.4%	0.8%
Euro	-0.9%	-1.2%
Yen	-5.2%	-5.6%
Pound Sterling	-1.7%	-2.2%
Swiss Franc	-0.2%	-0.7%
Chinese Yuan	0.1%	1.1%

Commodities	Level	1M %	YTD %
Gold (\$/oz)	1,937	1.5%	5.9%
Brent (\$/bl)	107.91	6.9%	38.7%
Copper (\$/t)	10,368	4.5%	6.4%

Source: Bloomberg, Rothschild & Co

Total return of major bond markets (YTD)





Wealth Insights

For our latest publications, please visit our [Wealth Insights page](#).



Important information

This content is produced by Rothschild & Co Wealth Management UK Limited, Rothschild & Co Bank AG and Rothschild & Co Vermögensverwaltung GmbH for information and marketing purposes only. This content does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product.

Nothing in this content constitutes legal, accounting or tax advice. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Investing for return involves the acceptance of risk: performance aspirations are not and cannot be guaranteed. Should you change your outlook concerning your investment objectives and/or your risk and return tolerance(s), please contact your client adviser. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down.

Income may be produced at the expense of capital returns. Portfolio returns will be considered on a "total return" basis meaning returns are derived from both capital appreciation or depreciation as reflected in the prices of your portfolio's investments and from income received from them by way of dividends and coupons.

Holdings in example or real discretionary portfolios shown herein are detailed for illustrative purposes only and are subject to change without notice. As with the rest of this content, they must not be considered as a solicitation or recommendation for separate investment.

Although the information and data herein are obtained from sources believed to be reliable, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by Rothschild & Co Bank AG as to or in relation to the fairness, accuracy or completeness of this content or the information forming the basis of this content or for any reliance placed in this content by any person whatsoever. In particular, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in this content. Furthermore, all opinions and data used in this content are subject to change without prior notice.

This content is distributed in Switzerland by Rothschild & Co Bank AG and in the UK by Rothschild & Co Wealth Management UK Limited. Law or other regulation may restrict the distribution of this content in certain jurisdictions. Accordingly, recipients of this content should inform themselves about and observe all applicable legal and regulatory requirements. For the avoidance of doubt, neither this content nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. References in this content to Rothschild & Co are to any of the various companies in the Rothschild & Co Continuation Holdings AG operating/trading under the name "Rothschild & Co" and not necessarily to any specific Rothschild & Co company. None of the Rothschild & Co companies outside the UK are authorised under the UK Financial Services and Markets Act 2000 and accordingly, in the event that services are provided by any of these companies, the protections provided by the UK regulatory system for private customers will not apply, nor will compensation be available under the UK Financial Services Compensation Scheme. If you have any questions on this content, your portfolio or any elements of our services, please contact your client adviser.

The Rothschild & Co group includes the following wealth management businesses (amongst others): Rothschild & Co Wealth Management UK Limited. Registered in England No 04416252. Registered office: New Court, St Swithin's Lane, London, EC4N 8AL. Authorised and regulated by the Financial Conduct Authority. Rothschild & Co Bank International Limited. Registered office: St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 3BP. Licensed and regulated by the Guernsey Financial Services Commission for the provision of Banking and Investment Services. Rothschild & Co Bank AG. Registered office: Zollikerstrasse 181, 8034 Zurich, Switzerland. Authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).