

YOUROASIS

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VIEWS FROM OUR CEO

Macro and political uncertainty have increased, prompting fiscal and monetary authorities in major economies to respond. The US-China trade war that started in January 2018, was ramped up substantially when the US increased tariffs from 10% to 25% on \$200bn of Chinese imports in May, threatening to extend the tariffs on the rest of its imports from China, and China responding by levelling a range of tariffs on \$60bn of US imports. Major Chinese firms were also caught in the crossfire. The US administration banned US companies from exporting components to the Chinese technology giant Huawei and threatened non-US companies with exclusion to US markets if they fail to comply. More recently, the US detailed new restrictions on American companies doing business with five Chinese companies manufacturing supercomputers and related components.



China was not the only country threatened with tariffs. The US used the threat on its neighbour Mexico if the country failed to come up with acceptable measures to stem the tide of illegal immigration into the US via its borders. India was removed from the US Preferred Trade Program, opening the way for the imposition of tariffs on that country. The European Union is busy negotiating a trade deal with the US to avoid the latter imposing tariffs on its exports, with the European motor sector being in the US' crosshairs.

In addition to the uncertainties that trade wars have imposed on the global economy, recently there has also been a dramatic escalation of geopolitical risk centred on the Middle East. The sharp increase in tensions between the US and some of its Gulf allies on the one hand, and Iran on the other, threatens the flow of oil through the strategically important Strait of Hormus chokepoint between the Persian Gulf and the Gulf of Oman.

Weaker global activity, continued signs of benign inflation and the increase in macro and political uncertainties have led to major central banks like the US Fed, the Bank of England and the European Central Bank signalling more dovish stances, and markets pricing in expectations of policy rate cuts. Other central banks like the Bank of India¹ and the Bank of Australia² have been cutting their benchmark rates, whilst others like the Central Bank of China³ have extended quantitative easing. China has also ramped up fiscal policy measures like increased infrastructure spending to bolster growth.⁴ The changed policy stances have boosted liquidity, with benchmark yields declining, spreads of risk assets compressing, major equity markets hitting new highs and both developed and emerging market currencies gaining against the US dollar. Though global liquidity conditions have been more supportive, a number of countries and regions have been challenged by domestic uncertainty.

OCAS UK Travel

During the month of July, will be travelling to the following areas:

DATE	AREA
22 nd - 26 th	Bradford, Blackburn, Manchester

IN THE NEWS

MANDELA DAY



The 18th of July marks Mandela Day globally. This day is marked with a 67 minute contribution to humanity; to symbolize the 67 years global icon Nelson Mandela spent in service to others. It is small reminder that we are part of a global village and that in the act of contributing meaningfully we are essentially preserving our future sustainability as communities and nations. At Oasis we are committed to sharing our value with all the communities we work within and will continue to uphold the values set out by Nelson Mandela every day. Visit our Oasis Crescent LinkedIn page and share with us how you will put your 67 minutes to good use this Mandela Day.



UK ECONOMY

The ambiguity around Brexit continues to influence the political machinations of the Conservative Party, resulting in former Prime Minister Theresa May relinquishing her leadership on the 24th of May 2019, after a series of rebuttals in parliament for her negotiated exit plan. While remaining on until a new leader has been elected and announced on the 22nd of July 2019, the governing party has started the selection process with key contenders for the premiership being the former Foreign Secretary and Mayor of London, Boris Johnson and the incumbent Foreign Secretary, Jeremy Hunt. The lead between the two has narrowed and the final selection will be done via postal voting by the general members of the Conservative Party.

The 31st of October exit from the European Union remains in place with initial indications from Brussels suggesting that the reopening of negotiations is not foreseen. German Chancellor Angela Merkel has, however, committed to keeping options open to avoid a no deal Brexit. Notwithstanding the political quagmire surrounding Brexit, unemployment figures released in June indicate they are at the lowest level since 1974 at 3.8% with wages growing at 3.1% for the year.^{5,6} The Bank of England opted to keep interest rates on hold at 0.75% at the meeting earlier this month citing concerns of risks to economic growth associated with the continued opacity of Brexit, in addition to extraneous global economic factors.⁷ Forecasts by the Central Bank indicate that growth will be revised down to 1.3% for 2019 and 1.5% for 2020.

FINANCIAL ADVISORY

Whilst the domestic economy is undergoing a number of transitions, what is important to keep in mind is that these periods of change are temporary and will eventually pass. What should remain a constant in this current environment is the focus you give to your savings and retirement plans. It is important for you to ensure that you have a long term financial plan to protect and grow your wealth and prepare for retirement.

Governments, faced with austerity measures, will limit the contributions made to retirement and medical schemes and it is therefore imperative that you have a well thought out financial plan to ensure you are taken care of over the long term.

Oasis offers investors tax free savings products (Oasis ISA and Oasis Junior ISA) which can also be transferred into, as well as a range of mutual funds which are designed to cater for discretionary savings. These mutual funds, include our hallmark balanced product range which are designed to specifically offer our investors broad diversification in order to minimise risk and provide real returns over the long term.

Additionally, over the next few months, Oasis will expand its offering to include a SIPP (Self Invested Personal Pension) product range which will continue Oasis's value offering to investors. If you need to develop a long term wealth plan, we invite you to contact your financial advisor to provide you with the guidance on developing a long term wealth plan or call us directly on 0808 238 7543 to ensure you make the best decision for your long term wealth.

¹ https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225, ² <https://www.rba.gov.au/media-releases/2019/mr-19-15.html>, ³ <https://www.reuters.com/article/us-china-economy/china-to-step-up-bank-reserve-ratio-cuts-to-help-small-firms-state-media-idUSKCN1RJ0D4>, ⁴ <https://www.reuters.com/article/us-oecd-china-economy/chinas-policy-stimulus-may-worsen-economic-distortions-oecd-idUSKCN1RS0P7>, ⁵ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/timeseries/mgsx/lms>, ⁶ <https://tradingeconomics.com/united-kingdom/wage-growth>, ⁷ <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2019/june-2019>

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