JohnsonSavage ConsultancyLtd
A FRESH APPROACH TO FINANCE

Here's a review of how some of the key events from the past twelve months have impacted markets.

1. In May 2021, data showed a sharp increase in inflation, sparking concerns among investors. Central banks reiterated that inflation is likely to be 'transitory' providing some relief to markets. Most equity markets ended the month on a positive note.
2. Inflation was hotter than expected and in the US the Fed brought forward the timeframe on when it will next raise interest rates. In the UK, 'Freedom Day' was pushed back to July, due to an increase in Covid-19 cases.
3. Uncertainty about the Delta variant led to a volatile period for stock markets, but fears were alleviated by the expectation of ongoing support from central banks and strong corporate earnings. A surge in the growth of prices gave economists renewed concern about overheating economies.
4. US economic rebound slowed significantly in August, as in the UK. Meanwhile, European economy continued to grow at its fastest rate in 21 years. Over in China, economic growth slowed due to renewed travel restrictions and natural disasters affecting rates of output, retail sales and investment.
5. Financial markets were rocked by the news that Chinese property developer Evergrande would likely default on its interest payments to bond holders. The S&P 500 dropped more than 4% over the month, the worst drop in over a year. The UK's economic rebound continued to slow, with attention turned to the effects of Brexit on the economy.
6. Volatility in markets continued in October due partly to the global shortage of natural gas supplies, but the S&P 500 enjoyed some of its best days since July. The Bank of England warned that the global rise in inflation could slow the UK's economic recovery.
7. Markets rallied for most of November despite inflation remaining high and the economic recovery slowing down. Towards the end of the month, Omicron, a new variant of the coronavirus spooked markets across the world.
8. Omicron caused markets to experience a period of volatility in December, but markets ended the month and the year with solid gains. The UK's inflation rate surged prompting the Bank of England to raise interest rates. The US Federal Reserve's decided to accelerate the tapering of its bond-buying programme sooner than expected.
9. Concerns that the US Federal Reserve would increase interest rates more aggressively to control inflation in 2022 caused markets to fall through January 2022 as investors worry this could choke global growth. Rising tensions in the Ukraine/Russia border also increased uncertainty in markets.
10. High inflation, disappointing earnings results from some tech companies and Russia's invasion in Ukraine caused turbulence for the financial markets.
11. Despite the uncertainty around the war in Ukraine, markets recovered as the prospect of some resolution looks more likely. The UK and US central banks raised interest rates to combat high levels of inflation. China vows to support its economy despite surging Covid cases causing localised lockdowns.
12. April brought further economic effects from the war in Ukraine, as rising inflation prompted the IMF to cut its forecast for global economic growth. Stock markets fluctuated during the month as investors were concerned about central banks' plans to raise interest rates to tame rising inflation. Strict lockdowns in China exacerbated inflationary and economic growth concerns.

If you are invested in a range of funds within your portfolio these are likely to be spread across different regions of the world and, depending on your attitude to risk, a range of different assets. This diversification reduces the impact on performance of any individual event like the coronavirus crisis. We take a long-term approach to investing, and we do not let short-term events force us into making decisions about how we manage your portfolio.

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