

<b>Essex Pension Fund Investment Steering Committee</b>	<b>ISC 02</b>
<b>Date: 15 June 2022</b>	

**Market Commentary: Q1 2022**

Report by Hymans Robertson

Enquiries to Jody Evans on 03330 138489

**This Report is for noting**

**Executive Summary**

**Report Type: Monitoring**

Key highlights include:

- Global growth forecast revised downwards, UK GDP remains higher than its long-term average, however, growth forecasts are expected to moderate sharply by the end of 2023;
- Headline inflation reached 7.0% in March 2022, the expectation that this will continue to rise during 2022 and will moderate to 3.6% year on year by mid 2023;
- Expectation of further interest rate hikes as monetary policy tightening continuing to be employed to combat higher inflation;
- Global equities largely rebounded from the initial sell-off following Russia's invasion of Ukraine, but high inflation, expectations of monetary tightening, geopolitical tensions, and slowing earnings momentum have all contributed to a -4.6% Q1 global equity return (local currency); and
- Property investment market remains strong supported by domestic and overseas demand. Significant sectoral divergence remains within the industrial sector continue to be stronger, masking the weaker retail sector.

**1. Purpose of Report**

- 1.1 To update the ISC on recent market conditions.

**2. Recommendation**

- 2.1 That the Committee should note the content of the report.