

Pensions Committee

20 June 2018

Report title	Economic and Market Update – May 2018	
Originating service	Pension Services	
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Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 rachel.brothwood@wolverhampton.gov.uk

Recommendation for noting:

The Committee is asked to note:

1. The global economic and market update paper prepared by the fund's adviser, Hymans Robertson.

1.0 Purpose

1.1 To review conditions in the global economy and investment markets.

2.0 Background

2.1 A report is provided quarterly by the fund's investment adviser, Hymans Robertson. It is set out in Appendix 1.

2.2 The Bank of England maintained the base rate at 0.5% over the period. Although the Bank had intimated that it could raise interest rates faster than previously anticipated, a slowdown in economic growth during the quarter precluded a rate rise at the May meeting of the Bank's Monetary Policy Committee. In the US, the Federal Reserve continued to tighten its monetary policy by raising interest rates by 0.25%. Sterling continued to strengthen against the US dollar during the quarter ending 31 March 2018.

2.3 Bonds outperformed equities over the quarter as global equity markets experienced volatility arising from concerns over US inflation and a potential trade war between China and the US. However, equity markets advanced in April as trade tensions eased and the oil price rallied.

2.4 The Fund continues to seek opportunities in income assets and, while it favours growth assets, it has reduced its overweight position in equities following a multi-year period of equity market strength.

3.0 Financial implications

3.1 The report contains no direct financial obligations.

4.0 Legal implications

4.1 This report contains no direct legal implications.

5.0 Equalities implications

5.1 This report contains no equal opportunities implications.

6.0 Environmental implications

6.1 This report contains no environmental implications.

7.0 Human resources implications

7.1 This report contains no direct human resources implications.

8.0 Corporate landlord implications

8.1 This report contains no direct corporate landlord implications.

9.0 Schedule of background papers

9.1 There were no preceding background papers.

10.0 Schedule of appendices

10.1 Appendix 1: Economic and market update – May 2018.