

Whilst the Bank of England and European Central Bank held back from providing additional easing last week, the People's Bank of China cut the main benchmark interest rate by 25 basis points, the first such cut since late 2008.

Commenting, Tim Gardner, co-manager, Legal & General's Multi-Manager fund range, said: "This brings the 1-year lending rate down to 6.31% from 6.56% and, in addition, commercial banks are now permitted to offer loans at a 20% discount (previously 10%) to the official lending rate.

"We see the rate cut as a further sign that China's policymakers are intent on bolstering economic growth, particularly ahead of the leadership transition later this year. Indeed, we would not be surprised to see rates come down further (along with more cuts to required reserve ratios) in the remainder of 2012, especially with inflation now having fallen to 3% year-on-year.