



» Weekly Investment Update

12th January 2024

News Headlines

US Inflation – The headline inflation rate in the US came in at 3.4% in December, up from 3.1% in November, and exceeding economists' expectations of around 3.2%. Core inflation, which excludes food and energy prices, continued to soften in December, slowing to an annual rate of 3.9% from 4% in the previous month.

US Government Shutdown – Congressional leaders in the US have agreed to a tentative spending agreement to avoid a possible government shutdown as the deadline looms. There are still some discrepancies in the figures, and the deal now needs to be approved by the House of Representatives and the Senate who have less than two weeks to approve the deal in order to stop the suspension of some federal services.

Bitcoin ETFs – In a landmark event for the digital currency sector, worth \$1.7 trillion, US regulators approved exchange-traded funds (ETFs) that invest directly in Bitcoin. The approval will broaden the access to the largest cryptocurrency in the market, with new funds authorised from the likes of Blackrock, Invesco, and Fidelity which began trading on Thursday.

UK Economy – Britain's economy rebounded more than expected in November, driven by service sector growth. GDP (gross domestic product) grew by 0.3% month-on-month in November after contracting by the same amount in October.

Market Summary

Global Equities – Global equities finished positive as at Thursday's close after a tough start to the year last week. In the US, the S&P 500 bounced back from year-to-date losses, with the index sitting just below its all-time highs seen in January 2022, after economic data added to hopes that a soft landing could be achieved for the US economy. In Asia, Japan's Nikkei 225 index rallied sharply throughout the week, reaching its highest closing level since 1990 as investors expect the Bank of Japan to maintain its ultra-loose monetary policy stance in the near term.

Commodities – Escalating tensions in the Middle East saw oil prices reverse losses from earlier in the week, bouncing back sharply as the US and the UK began to strike targets in Yemen following attacks on ships in the Red Sea. Gold prices also rose at the end of the week as a consequence as safe haven demand increased.

Fixed Income – Global bonds remained flat for the week as at Thursday's close.

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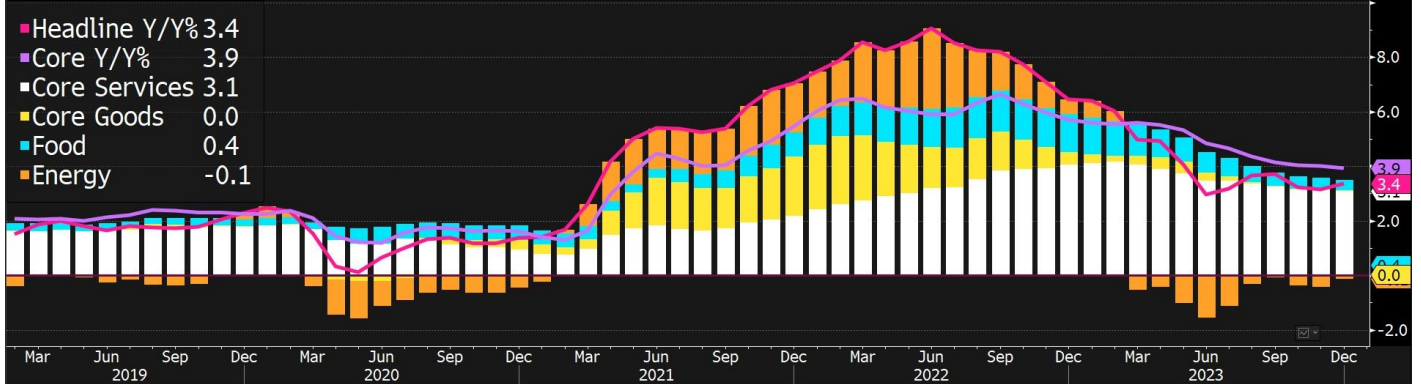
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Chart of the Week

What Is Driving US CPI Energy prices fall, services inflation remains high



Source: Bloomberg – Service inflation remains high in the US

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Germany CPI final yy	- United Kingdom CPI yy - Eurozone inflation yy - China GDP yy	- Japan CPI	- United Kingdom retail sales yy

Market Performance – 12/01/2024

Global Market Indices	2024 YTD %*
FTSE 100	-2.00%
S&P 500	0.26%
STOXX 600	-1.26%
Nikkei 225	4.74%
Hang Seng	-4.37%
Fixed Income	Yield %
UK 10 Yr Gilt	3.82%
US 10 Yr Treasury	3.96%
Commodities	2024 YTD %
Gold	-1.52%
Currency	
GBP/USD	1.28 (12/01/2024)
GBP/EUR	1.16 (12/01/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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