



» Weekly Investment Update

9th February 2024

News Headlines

S&P 500 hits 5,000 – The US S&P 500 index crossed over the 5,000 point mark for the first time in intra-day trading on Thursday, a large milestone set by the US stock market. The index has already returned 4.9% in 2024, continuing from its aggressive rally in the last quarter of 2023. Analysts are anticipating that company profit growth within the index will increase by 11% in 2024, boosting investor sentiment.

China Deflation Worsens – Consumer prices in the world's second largest economy fell 0.8% in January compared to a year earlier, the steepest decline since 2009. The latest reading further adds to the deflationary environment amid weakening consumer demand, with the biggest declines coming in food prices which fell by 5.9% on an annual basis. The readings highlight the biggest issue currently facing the Chinese government; reviving consumer demand and boosting consumer confidence.

British ISA? – Speaking to Bloomberg on Thursday, UK Chancellor of the Exchequer Jeremy Hunt hinted at plans to launch a tax-free “British ISA” investing in UK company shares, in a bid to revive demand in the country's stock market. Currently, the government charges a 0.5% stamp duty tax on any shares bought within the UK, however, this would be waived within the new ISA.

Market Summary

Global Equities – Global equities provided positive returns for the week as at Thursday's close. As mentioned previously, the US S&P 500 index touched a fresh all-time high intraday on Thursday, the ninth so far this year. In Asia, Chinese equities surged on the back of announcements of increased stock purchases by the state's investment fund and reports that the country's President Xi Jinping would be meeting officials to discuss market conditions. Japanese stocks (Nikkei 225 index) hit 34-year highs on Friday as the yen dropped to a two-month low. Equities in the UK and Europe remained relatively subdued.

Commodities – Commodity prices remained flat in general throughout the week as at Thursday's close. Oil prices are headed for weekly gains due to ongoing tensions in the Middle East after Israel rejected a ceasefire offer from Hamas. Gold remained flat versus the US dollar, hovering around \$2,030 per ounce.

Fixed Income – Global bonds made slight losses for the week as at Thursday's close. In the US, the government sold a record \$42 billion worth of 10-year Treasury notes at a lower-than-expected yield, highlighting stronger demand than investors initially anticipated.

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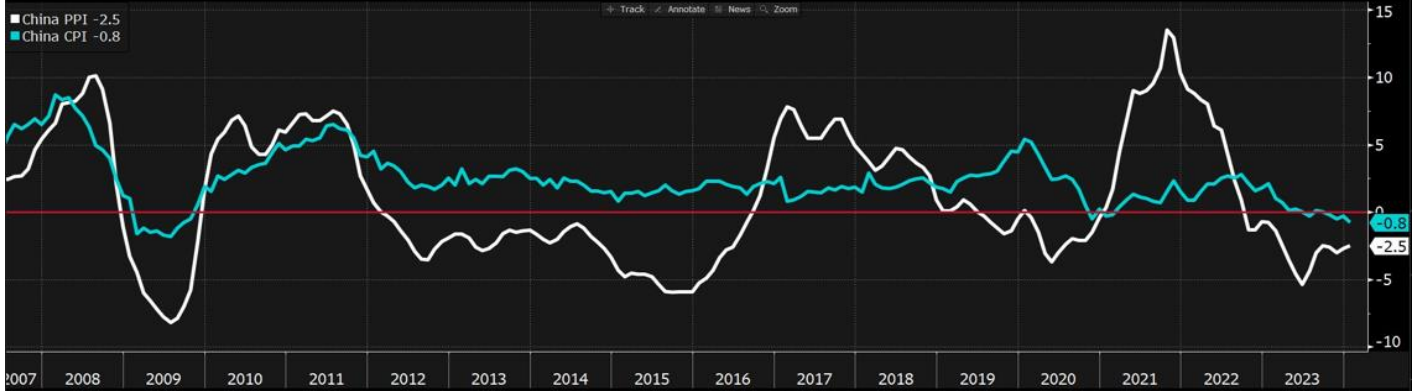
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Chart of the Week

China Prices Continue to Fall CPI contraction largest since 2009



Source: Bloomberg – China CPI suffers sharpest fall since 2009

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
-	- US CPI yy	- UK CPI yy	- US retail sales/jobless claims	- UK retail sales - US producer price inflation

Market Performance – 09/02/2024

Global Market Indices	2024 YTD %*
FTSE 100	-1.72%
S&P 500	4.90%
STOXX 600	1.42%
Nikkei 225	10.16%
Hang Seng	-6.86%
Fixed Income	Yield %
UK 10 Yr Gilt	4.08%
US 10 Yr Treasury	4.15%
Commodities	2024 YTD %
Gold	-1.52%
Currency	
GBP/USD	1.26 (09/02/2024)
GBP/EUR	1.17 (09/02/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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