



» Weekly Investment Update

1st March 2024

News Headlines

Inflation Data – In the US, Personal consumption expenditures (PCE) prices rose 0.3% in January, however, the annual increase in inflation was the smallest in almost three years. The small year-on-year increase eases pressure on the Federal Reserve to maintain its interest rate at current levels. Eurozone inflation eased to 2.6% year-on-year in February, which was higher than economists expected. The continuing decline in inflation figures will be welcome news to the European Central Bank (ECB), which will meet next week to discuss interest rates.

US Senate Leader – The longest serving Senate Republican leader, Mitch McConnell, announced this week that he will step down from his role in November. McConnell has been in the role for 20 years, and Republicans have relied on him to navigate the passage of conservative priorities in the Senate. There has been speculation regarding his health as of late, which his aides maintained has not played a part in his decision to leave the role.

Bitcoin – After the recent successful launch of several Bitcoin ETF products, Bitcoin has pushed past \$60,000 per token for the first time in more than two years. The surge in demand for the cryptocurrency, resulting from the new ETFs, is outpacing the current supply of tokens, spurring a c.40% rise in the asset so far in 2024.

Market Summary

Global Equities – Global equity returns finished mixed for the week as at Thursday's close. Equities lacked direction until markets received a boost after US PCE inflation came in inline with expectations and European inflation figures fell. In the US, the S&P 500 index and tech-heavy NASDAQ index both hit fresh all-time highs on Thursday, propelled by the "Magnificent 7" stocks. If the S&P 500 index records a gain by Friday's close, it would mark 16 out of 18 positive weeks for the first time since 1971. In Europe and the UK, equities were more subdued, posting slight losses for the week as at Thursday's close. The German DAX index, however, outperformed and hit fresh all-time highs. In Japan, the Nikkei 225 index also hit fresh all-time highs, continuing its year-to-date rally.

Commodities – Commodities gained throughout the week. Oil prices (WTI & Brent Crude) provided positive returns after US inflation eased and ceasefire talks in the Middle East looked more unlikely. Gold made slight gains on hopes of Federal Reserve interest rate cuts on the back of the US inflation data, hovering around the \$2,050 per ounce mark.

Fixed Income – Global fixed income remained relatively flat throughout the week. 2-year Treasury yields in the US initially spiked on the US inflation data was released, but quickly reversed and settled lower than before the data release.

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Chart of the Week

Markets Align With Powell's December Message Three cuts priced this year



Source: Bloomberg – Markets are aligned with Powell's December message

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		<ul style="list-style-type: none"> - Eurozone retail sales yy - Australia cash rate decision 		<ul style="list-style-type: none"> - China CPI yy

Market Performance – 01/03/2024

Global Market Indices	2024 YTD %*
FTSE 100	-0.83%
S&P 500	7.11%
STOXX 600	3.52%
Nikkei 225	17.11%
Hang Seng	-3.14%
Fixed Income	Yield %
UK 10 Yr Gilt	4.13%
US 10 Yr Treasury	4.25%
Commodities	2024 YTD %
Gold	-0.81%
Currency	
GBP/USD	1.26 (01/03/2024)
GBP/EUR	1.17 (01/03/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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