



» Weekly Investment Update

15th March 2024

News Headlines

US Inflation – Inflation in the US came in higher than expected in February, increasing by 3.2% year-on-year and 0.3% month-on-month. Price increases for gasoline and shelter pushed figures higher, showing signs of stickiness in the wake of anticipated US Federal Reserve interest rate cuts. Markets still anticipate three rate cuts in 2024, however, some key figures in markets, JPMorgan CEO Jamie Dimon for example, suggested that the bank’s policymakers should remain cautious and wait for extra clarity before cutting interest rates too soon to avoid the possibility of having to reverse course later down the line.

Japan Wage Hikes – Japan’s largest companies have agreed to raise wages by 5.28% in 2024 to the highest level in 33 years. The hikes reinforce the views that the Bank of Japan will move away from its longstanding stimulus programme when officials meet next week. The bank’s officials have stressed that the timing of the pivot out of negative rate territory would depend on the outcome of this year’s wage negotiations.

UK GDP Growth – The UK economy rebounded in January, with the Office of National Statistics stating that gross domestic product rose by 0.2% over the month, following a 0.1% decline in December. Strong retail sales and service sector spending helped drive the growth. The economy could be reaching a turning point after dipping into a technical recession at the end of last year.

Market Summary

Global Equities – Global equities posted mixed returns for the week as at Thursday’s close. Over in the US, the S&P 500 index posted its 17th record high of the year on Tuesday, but soon lost ground after stickier than expected inflation took the steam out of the recent rally. Equities in the UK posted moderate gains after the economy returned to growth in January. In Japan, equities sold off, driven by growing conviction that the Bank of Japan is close to ending its negative interest rate and yield curve control policies.

Commodities – Oil prices hit a four month high on Thursday, with Brent Crude climbing above \$85 per barrel. Prices were propelled by the International Energy Agency (IEA) raising its oil demand forecasts for 2024, as well as an unexpected decline in US stockpiles.

Gold is set for a weekly loss after falling from record highs set at the start of the week. Sticky inflation saw markets grow fearful of the Federal Reserve turning hawkish when officials meet next week to decide the next move in interest rates.

Fixed Income – Yields on major economies sovereign bonds moved higher, pushing prices down as faster inflation and the potential for fewer interest rate cuts dominated market movements.

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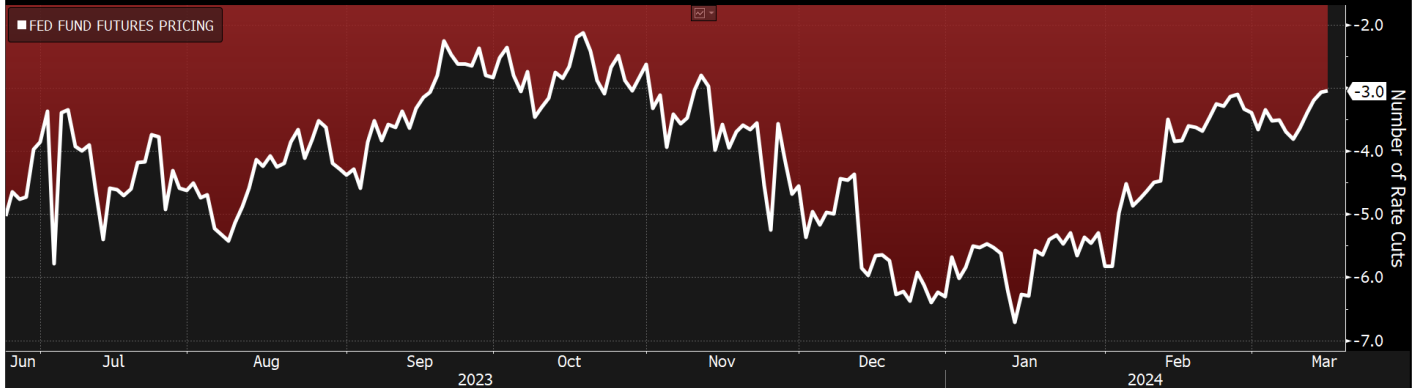


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Chart of the Week

Markets Correct Toward Fed's Forecast Investors see three cuts in 2024



Source: Bloomberg – Markets are currently pricing in 3 interest rate cuts in 2024

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Eurozone inflation yy	- Australia cash rate decision	- UK CPI yy - US FOMC rate announcement	- UK Bank of England rate decision - Japan CPI	

Market Performance – 15/03/2024

Global Market Indices	2024 YTD %*
FTSE 100	1.11%
S&P 500	8.33%
STOXX 600	6.25%
Nikkei 225	16.04%
Hang Seng	-0.05%
Fixed Income	Yield %
UK 10 Yr Gilt	4.11%
US 10 Yr Treasury	4.29%
Commodities	2024 YTD %
Gold	4.82%
Currency	
GBP/USD	1.28 (15/03/2024)
GBP/EUR	1.17 (15/03/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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