

# » Weekly Investment Update

22<sup>nd</sup> March 2024



## News Headlines

**Central Bank Rate Decisions** – The US Federal Reserve central bank’s committee decided to leave interest rates as they were on Wednesday, leaving the target range between 5.25-5.50%. Policymakers maintained that they still expect to reduce interest rates three times in 2024 despite stickier than expected inflation, with three cuts in both 2025 and 2026 also expected.

In the UK, the Bank of England’s Monetary Policy Committee (MPC) also decided to leave interest rates unchanged at a sixteen year high of 5.25%. This was the first meeting of the committee where none of the members voted for a rate rise. The bank’s governor, Andrew Bailey, said that “in recent weeks we’ve seen further encouraging signs that inflation is coming down.” This came after inflation in the UK fell at its fastest rate in 50 years, hitting 3.4% in February, down from 4% in January.

The Bank of Japan increased its interest rate for the first time in seventeen years, ending its longstanding negative interest rate policy which aimed to boost the stagnant economy. Rates were increased to a range between 0-0.1% from -0.1%. Bringing rates into positive territory was supported by recent robust wage hikes from Japanese companies after negotiations with trade unions.

The Swiss National Bank cut its interest rates by 0.25% from 1.75% to 1.5%, signalling a major shift in tone. Switzerland’s inflation remains below the central bank’s target rate, however, the rate cut still came as a surprise to economists, who expected interest rates to be held.

## Market Summary

**Global Equities** – Global equities continued their uptrend, rising after the Federal Reserve decided to keep interest rates on hold and stuck to projections for at least three interest rate cuts this year despite stickier than expected inflation. In the US, major equity indices (S&P 500, Nasdaq, and Dow Jones) hit all-time highs yet again with more broad based rallies. In Europe we also saw all-time highs for major equity benchmarks, including the STOXX 600 and German DAX indices. In the UK, the FTSE 100 index is headed for a second consecutive week of gains, fuelled by positive comments surrounding the economy and inflation from the Bank of England. In Asia, Japan’s Nikkei 225 index continued to extend gains as the Bank of Japan are set to keep monetary conditions accommodative in the near-term.

**Commodities** – Commodity prices finished slightly higher for the week as at Thursday’s close. Gold prices provided positive returns versus the US dollar, hitting record highs on Thursday. Oil prices (Brent Crude & WTI) rose slightly but declined from midweek peaks due to the increasing possibility of a ceasefire in Gaza, which could loosen global supplies.

**Fixed Income** – Global bonds remained relatively flat throughout the week. Major sovereign bond yields saw slight declines (meaning prices increase) given the dovish sentiment of key central banks.

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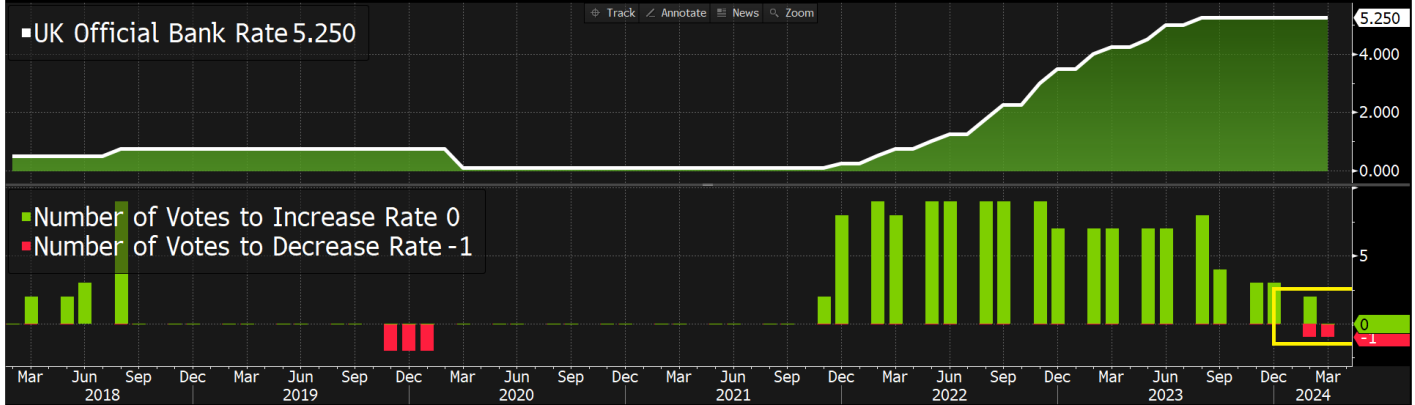


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## Chart of the Week

# Hawks Retreat as BOE Holds Rates None of the MPC members voted to hike in latest meeting



## Key Economic Releases Next Week

| Monday              | Tuesday                  | Wednesday | Thursday   | Friday |
|---------------------|--------------------------|-----------|--|--------|
| - US new home sales | - US consumer confidence |           | - Germany unemployment rate<br>- Japan unemployment rate |        |

## Market Performance – 22/03/2024

| Global Market Indices | 2024 YTD %*       |
|-----------------------|-------------------|
| FTSE 100              | 3.01%             |
| S&P 500               | 10.26%            |
| STOXX 600             | 7.05%             |
| Nikkei 225            | 22.04%            |
| Hang Seng             | -0.63%            |
| Fixed Income          | Yield %           |
| UK 10 Yr Gilt         | 3.96%             |
| US 10 Yr Treasury     | 4.26%             |
| Commodities           | 2024 YTD %        |
| Gold                  | 5.76%             |
| Currency              |                   |
| GBP/USD               | 1.27 (22/03/2024) |
| GBP/EUR               | 1.17 (22/03/2024) |

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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