



# » Weekly Investment Update

5<sup>th</sup> April 2024

## News Headlines

**Eurozone Inflation** – Eurozone inflation fell unexpectedly to 2.4% in March, down from 2.6% the month previously. This defied expectations of a steady rate as food and energy prices pulled the headline figure lower. Despite the encouraging reading, there is concern surrounding services inflation which has held steady at 4% for several months. Meeting next week, the European Central Bank (ECB) is unlikely to cut interest rates, having repeatedly pointed to June as the next crucial meeting for policy setting. This has led to markets pricing in virtually no possibility of rate cuts next week, with a move fully priced in for June, followed by another two or three cuts later this year.

**Tensions within the Middle East** – Iran has accused Israel of launching airstrikes on its embassy complex in Syria on Monday, which reportedly killed at least 7 officials and 6 Syrian citizens. This deadly escalation of regional tensions over the war in Gaza appears to raise the risk of a wider Middle East conflict as Iran has vowed to retaliate. Iran has stated that it would hold the United States ‘answerable’ for the attack due to its ongoing support of Israel, adding pressure to the ongoing strain between Iran and the United States.

## Market Summary

**Global Equities** – Global equities faced a challenging week due to surging bond yields, hawkish Federal Reserve remarks and escalating tensions in the Middle East. This led to the US S&P 500 index experiencing one of its worst days this year, finishing the week -2.02%, as of Thursday’s close. In spite of the optimism surrounding potential interest rate cuts from the ECB, Europe’s STOXX 600 index fell by -0.34% for the week, as of Thursday’s close. In spite of adverse market conditions, the commodity heavy FTSE 100 index managed a gain of +0.32% for the week as of Thursday’s close, fuelled in part by surging energy prices.

**Commodities** – Gold prices hit a record high of £2,305 per ounce midweek, before dropping off slightly to complete the week positively +3.22%, as of Thursday’s close. This comes as traders locked in profits on the back of a strengthening US dollar amid hawkish comments surrounding US interest rates.

Oil prices hit 5-month highs, with Brent Crude and WTI Crude reaching \$91 and \$86 a barrel respectively, amidst worsening geopolitical conditions in the Middle East. Increased tensions between Israel and Iran are expected to cause supply disruptions and further tighten markets.

Copper prices settled after reaching a 15-month high as investors cash in on profits ahead of inflation and trade data from China next week.

**Fixed Income** – Bond yields surged as comments from Federal Reserve officials suggested that they are hesitant to cut rates this year.

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**Address:**  
Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



**Enquiries:**  
0161 886 8000  
enquiries@ascenciaim.co.uk



**Web:**  
www.ascenciaim.co.uk

## Chart of the Week

### Fed Sentiment Reading is steadily becoming less hawkish



Source: Bloomberg – Federal Reserve sentiment is becoming less hawkish

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		<ul style="list-style-type: none"> <li>- US CPI yy</li> <li>- Bank of Canada rate decision</li> </ul>	<ul style="list-style-type: none"> <li>- China CPI yy</li> <li>- European Central Bank rate announcement</li> </ul>	<ul style="list-style-type: none"> <li>- Germany CPI yy</li> </ul>

## Market Performance – 05/04/2024

Global Market Indices	2024 YTD %*
FTSE 100	4.31%
S&P 500	8.32%
STOXX 600	7.48%
Nikkei 225	19.63%
Hang Seng	-1.32%
Fixed Income	Yield %
UK 10 Yr Gilt	4.01%
US 10 Yr Treasury	4.31%
Commodities	2024 YTD %
Gold	10.22%
Currency	
GBP/USD	1.26 (05/04/2024)
GBP/EUR	1.17 (05/04/2024)

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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