

Weekly Investment Update

12th April 2024



News Headlines

European Central Bank – Policymakers at the European Central Bank decided to hold interest rates at all-time highs of 4% on Thursday. The bank's president, Christine Lagarde, told reporters after the announcement that a small majority of policymakers had argued for an immediate rate cut. Inflation in the eurozone has fallen from its peak of 10.6% in 2022, to 2.4% in March, almost hitting the bank's target of 2% which increases the likelihood of a rate cut at June's meeting.

US Inflation – Financial markets slashed bets of imminent US Federal Reserve interest rate cuts midweek as inflation in the US surpassed expectations. Official data showed that consumer prices increased by 3.5% year-on-year in March, coming in hotter than forecasts of 3.4%. Discussing possible Federal Reserve rate cuts, former Treasury secretary Larry Summers said "you have to take seriously the possibility that the next rate move will be upwards rather than downwards".

UK Growth – Economic output in the UK grew for a second month in a row in February, showing signs of strength after a technical recession at the end of 2023. Gross domestic product expanded by 0.1% in February as expected, while January's data was revised upwards to 0.3% from 0.2%. Service sector output came in as expected, however, manufacturing output surpassed forecasts, rising 1.2% in February.

Market Summary

Global Equities – Global equities finished slightly negative for the week as at Thursday's close. In the US, technology stocks led a rebound rally after hotter than expected inflation data, which saw the NASDAQ close see fresh all-time highs, while the S&P 500 index remained flat for the week at Thursday's close. Equities in the UK received a boost from mining stocks and further economic growth in February. European stocks saw slight declines, cooling from recent all-time highs. In Asia, Japanese stocks provided positive returns, while the Hong Kong Hang Seng hit its highest level since November midweek.

Commodities – Gold continued to rally against the US dollar, surging the fresh all-time highs on Friday. The precious metal broke through the \$2,400 per ounce mark. Oil prices (Brent Crude & WTI) are set for a weekly decline over fears the potential for US interest rates staying higher for longer could dampen demand for the commodity.

Fixed Income – US Treasury yields surged higher on the back of the hotter-than-expected inflation data, meaning prices declined. Sovereign bond yields across other major economies saw inclines, with multiple 10-year yields hitting levels not seen since late 2023.

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Address:

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:

0161 886 8000
enquiries@ascenciaim.co.uk

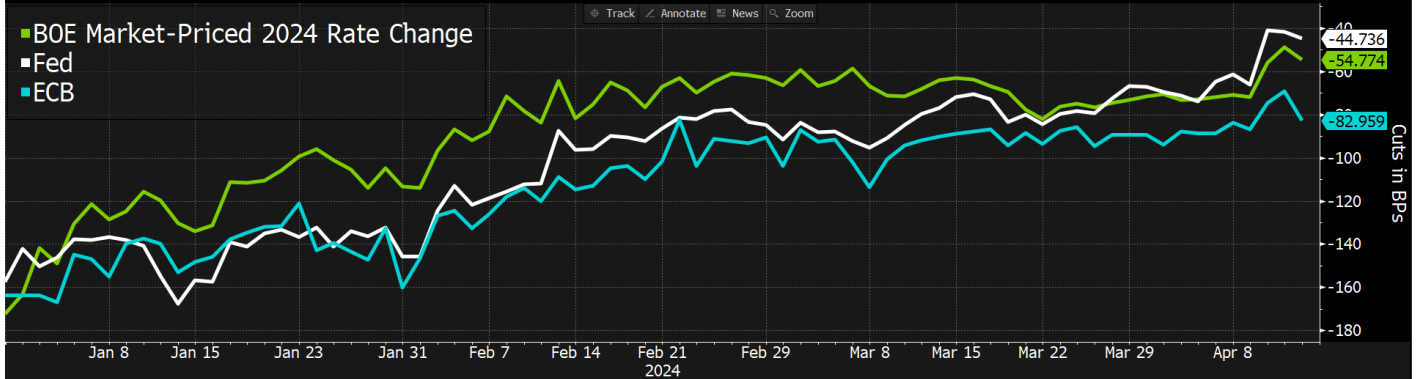


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Chart of the Week

Central Bank 2024 Outlook Pullback on BOE cut pricing follows Fed



Source: Bloomberg – Markets are expecting the ECB to cut rates more than the Fed and BoE in 2024

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- US retail sales mm	- China GDP yy	- UK CPI yy - Eurozone inflation yy		- Japan CPI - UK retail sales yy

Market Performance – 12/04/2024

Global Market Indices	2024 YTD %*
FTSE 100	3.80%
S&P 500	9.44%
STOXX 600	6.27%
Nikkei 225	18.64%
Hang Seng	0.80%
Fixed Income	Yield %
UK 10 Yr Gilt	4.19%
US 10 Yr Treasury	4.58%
Commodities	2024 YTD %
Gold	15.94%
Currency	
GBP/USD	1.26 (12/04/2024)
GBP/EUR	1.17 (12/04/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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