

»» Weekly Investment Update

19th April 2024



News Headlines

IMF Forecasts – The International Monetary Fund said on Tuesday that the global economy is set for another year of slow but steady growth, as the IMF’s chief economist stated that “the global economy continues to display remarkable resilience with growth holding steady and inflation declining.” The Fund forecast global real gross domestic product (GDP) growth of 3.2% for 2024 and 2025. There are several potential bumps in the road, however, due to slower growth in Europe and China, and the possibility of escalation of the ongoing Middle East conflicts and higher inflation from rising oil prices triggering tighter monetary policy from key central banks.

China Growth – The world’s second-largest economy unexpectedly grew 5.3% in the first quarter of 2024, far higher than the 4.6% analysts had forecast, and up from the 5.2% expansion seen in the previous quarter. While the Q1 GDP data showed the economy has started the year well, disappointing data on exports, consumer inflation, producer prices and bank lending for March showed that the momentum could stumble once again. Lacklustre factory output data and retail sales underlined the weakness in domestic demand.

UK Data – Despite consumer confidence being at a two-year high, the Office of National Statistics (ONS) reported that retail sales volumes were flat in March. Sales in non-food related stores helped offset declines at supermarkets. Inflation in the UK fell less than expected in March, coming in at 3.2% year-on-year, 0.1% higher than economists had predicted.

Market Summary

Global Equities – Global equities declined throughout the week. Declines were broad based, driven by rising tensions in the Middle East and an increased scepticism about the chance of interest rate cuts by key central banks, especially in the US. In the US, the S&P 500 index suffered its worst 2-day performance since the regional banking crisis in March 2023, while the technology-heavy NASDAQ index saw similar losses. European and UK equities saw milder losses, but in Asia, Japanese equities saw large broad-based declines.

Commodities – Despite rising tensions between Israel and Iran, oil prices (Brent Crude & WTI) suffered sharp declines throughout the week. Gold prices continue to hover around all-time highs as safe haven demand remains strong.

Fixed Income – In the US, the key 10-year Treasury yield hit levels not seen since November, pushing prices down. Shorter term US Treasury yields (2-year) saw an increase to around 5% after US Federal Reserve officials made hawkish comments on Tuesday which saw investors price increased chances of higher for longer interest rates.

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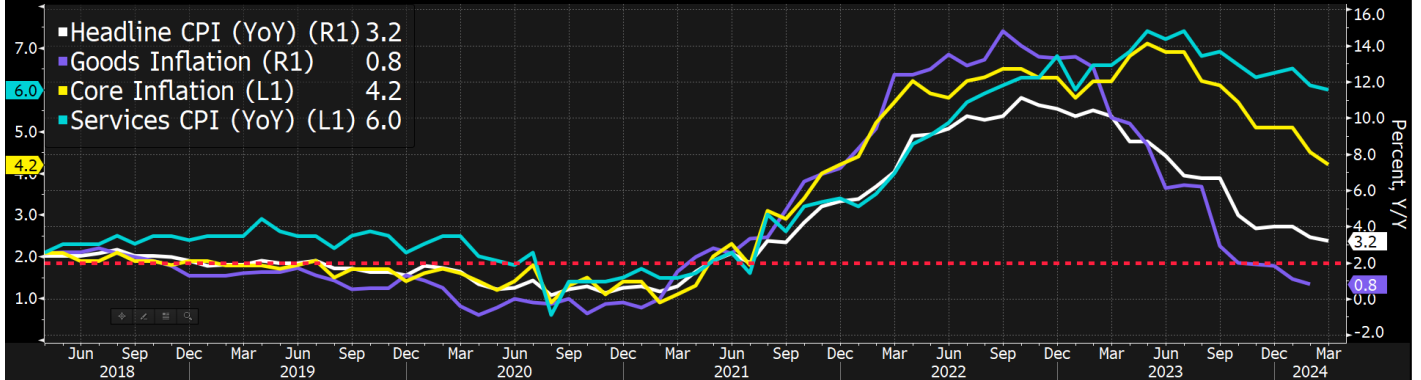
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Chart of the Week

UK Headline Inflation Eases Services prove stickier



Source: Bloomberg – UK headline inflation eases, but services CPI remains sticky

Key Economic Releases Next Week

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------------------------------|---------------------|--------------------|---------------------|--------|
| - Bank of Canada rate decision | - US new home sales | - Australia CPI yy | - US jobless claims | |

Market Performance – 19/04/2024

| Global Market Indices | 2024 YTD %* |
|-----------------------|-------------------|
| FTSE 100 | 3.25% |
| S&P 500 | 5.50% |
| STOXX 600 | 5.36% |
| Nikkei 225 | 14.55% |
| Hang Seng | -3.38% |
| Fixed Income | Yield % |
| UK 10 Yr Gilt | 4.24% |
| US 10 Yr Treasury | 4.62% |
| Commodities | 2024 YTD % |
| Gold | 15.25% |
| Currency | |
| GBP/USD | 1.24 (19/04/2024) |
| GBP/EUR | 1.17 (19/04/2024) |

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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