



» Weekly Investment Update

19th April 2024

News Headlines

US Economy – Economic growth in the US slowed more than expected in the first quarter of 2024, with gross domestic product coming in at an annualised rate of 1.6% in the first three months, the slowest pace of growth since 2022. After strong figures released at the end of Q4 2023, economists had expected growth of 2.2%, but a sharp increase in imports contributed to the slowdown in growth from the last quarter. Core Personal Consumption Expenditure (PCE) in the US surprised to the upside in the first quarter, coming in at an annualised rate of 3.7%, versus the 3.4% expected. This led the markets to believe that there will be less US Federal Reserve interest rate cuts in 2024, with just one cut now priced in by the market.

Bank of Japan – The Bank of Japan decided to hold its benchmark interest rate within the range between 0%-0.1% on Friday, a decision widely expected by economists. The news prompted the Japanese yen to hit a fresh 34-year low against the US dollar. The bank also said it would buy government bonds in line with its decision in March.

Market Summary

Global Equities – Global equities provided positive returns over the week as at Thursday's close. Investors cut back their expectations of multiple interest rate cuts by the US Federal Reserve this year, with markets now predicting just one cut by December. This introduced volatility into equity markets. In the UK, the FTSE 100 index powered to all-time highs after strong earnings from several large-cap companies. In the US, the S&P 500 and NASDAQ clawed back some of the losses seen last week as technology stocks led the rebound. In Asia, the Hong Kong Hang Seng index led the way, seeing a sharp rally throughout the week as investor sentiment warmed towards Chinese equities. Japan's Nikkei 225 index also saw healthy gains throughout the week, buoyed by the Bank of Japan's decision to keep interest rates unchanged.

Commodities – The price of gold fell against the US dollar throughout the week, posting its largest weekly decline since December. Easing tensions in the middle east spurred the decline of the safe haven asset.

Oil prices (Brent Crude & WTI) shook off recent declines to post gains for the week as at Thursday's close on the back of an expression of optimism around economic growth in the US by Treasury Secretary Janet Yellen.

Fixed Income – Global bonds were little changed over the week. With investors pricing in less US interest rate cuts, Treasury bond yields in the US hit their highest levels so far this year (seeing prices decline), with the short dated (2-year) yield touching 5%.

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Chart of the Week

Fed 2024 Rate Cuts: Back at One

Markets price for just one rate cut this year



Source: Bloomberg – Markets are pricing in just 1 rate cut from the Federal Reserve in 2024

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Germany CPI yy	- Eurozone inflation - Japan unemployment rate	- US FOMC rate announcement		- US employment rate

Market Performance – 26/04/2024

Global Market Indices	2024 YTD %*
FTSE 100	5.95%
S&P 500	6.30%
STOXX 600	6.22%
Nikkei 225	13.22%
Hang Seng	1.92%
Fixed Income	Yield %
UK 10 Yr Gilt	4.35%
US 10 Yr Treasury	4.71%
Commodities	2024 YTD %
Gold	12.75%
Currency	
GBP/USD	1.25 (26/04/2024)
GBP/EUR	1.17 (26/04/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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