

Weekly market review

1st April 2024.

A look back at the previous week's markets.

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A look back at the markets...

- **U.S. Economy Upgraded: Q4 GDP Growth Revised Higher to 3.4%**
- **UK Shop Prices Drop as Retailers Slash Prices Amid Spending Slowdown**
- **ECB Could Cut Interest Rates Before Fed**
- **North Korea fires suspected ballistic missile, drawing condemnation**

Market Recap.

Both the Dow Jones Industrial Average (1.22%) and S&P 500 ETF (0.65%) made gains for the week as US GDP beat expectations, showing further signs of economic strength. The Nasdaq 100 ETF was less fortunate, returning -0.06%. The FTSE 100 ETF made progress, adding 0.57% over the shortened trading week.

News.

The U.S. economy grew faster than previously estimated in the fourth quarter, boosted by strong consumer spending and business investment in non-residential structures like factories and healthcare facilities.

Gross domestic product increased at a 3.4% annualised rate last quarter, revised up from the previously reported 3.2% pace, the Commerce Department's Bureau of Economic Analysis said in its third estimate of fourth-quarter GDP.

Geopolitics.

North Korea fired a suspected intermediate-range ballistic missile into the sea on Tuesday in a possible test of a new rocket using solid fuel, drawing swift condemnation from South Korea, Japan and the United States.

South Korea's military said it detected what appeared to be an intermediate-range ballistic missile launched from an area of the North Korean capital Pyongyang on Tuesday at 6:53 a.m. (2153 GMT on Monday) before plunging into the sea off the east coast.

Inflation.

Inflation in shop prices in the UK has eased to the lowest level for more than two years after retailers cut prices on Easter treats, clothing and electrical goods amid a slowdown in spending by consumers in the cost of living crisis.

Industry figures show prices rose at an annual rate of 1.3% in March, down from a rate of 2.5% in February – the slowest pace since December 2021, according to the latest monitor from the British Retail Consortium (BRC) trade body and the market research firm NielsenIQ.

Central Banks.

The European Central Bank could lower its key interest rate before the U.S. Federal Reserve, ECB Governing Council member Robert Holzmann was quoted as saying on Saturday.

"Europe could cut interest rates before the U.S.," Holzmann told Austrian newspaper Kronen Zeitung, noting that the European economy was growing more slowly than its U.S. counterpart. "From today's perspective, I'd say: interest rate cuts are likely to come. When will depend largely on what wage and price developments look like by June," he added.

ESG.

Southwest Airlines announced that it has acquired SAFFiRE Renewables, a U.S. Department of Energy (DOE)-backed project aimed at scaling the production of sustainable aviation fuel from agricultural residue.

The acquisition follows the launch last month by the airline of Southwest Airlines Renewable Ventures (SARV), a new subsidiary responsible for managing the airline's sustainable aviation fuel (SAF) investments and creating opportunities for the company to obtain SAF to reach its clean fuel goals. Southwest has set a target to replace 10% of its jet fuel consumption with SAF by 2030.

Commodities.

The oil price finished the week at \$83 per barrel, marking a 2% increase. Earlier in March, OPEC+ decided to extend voluntary production cuts until the end of the second quarter and is anticipated to uphold existing output policies during its upcoming meeting. Meanwhile, gold spot prices reached a record high of \$2,230 per ounce on Friday, resulting in a year-to-date gain of over 6%.

Week Ahead.

This week sees the release of Manufacturing and Services PMI data from the major nations, with both the US and UK having already reported a growing manufacturing sector whilst the EU continues to experience contraction in manufacturing.

On Wednesday, the EU reports its latest CPI inflation figures which are expected to show a slight decline to 2.50% from 2.60% prior.

Sources:

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Market recap - Data sourced from FE FundInfo & Koyfin. ETFs quoted: iShares Core FTSE 100 UCITS ETF, iShares Core S&P 500 UCITS ETF, iShares Nasdaq 100 UCITS ETF (quoted in Pounds Sterling).

News - US economy continues to shine with help from consumers, labor market, By Lucia Mutikani, Reuters, 28/03/24

Inflation - Inflation in UK shops drops to lowest level in two years, Guardian, 02/04/24

Central Banks - Europe could lower rates ahead of Fed, ECB's Holzmann says, by Francois Murphy Editing by Dave Graham, Reuters, 30/03/2024

ESG - Southwest Airlines Acquires DOE-Backed Sustainable Aviation Fuel Startup SAFFiRE Renewables, by Mark Segal, ESG Today, 01/04/24

Geopolitics - North Korea fires suspected intermediate-range ballistic missile, By Ju-min Park, Reuters, 02/04/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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