

# Weekly market review 20th May 2024.

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A look back at the previous  
week's markets.

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# A look back at the markets...

- **Euro Zone Economy Grows 0.3% in Q1, Ending Stagnation**
- **Taiwan President Calls for Peace Amidst Chinese Threats**
- **UK Inflation Paving Way for Interest Rate Cuts**
- **Bank of England to Expand Leeds Office to 500 Staff by 2027**

## Market Recap.

Markets paused for thought after exceedingly strong gains for the week prior. The Nasdaq 100 ETF (+0.95%), S&P 500 ETF (+0.41%) and FTSE 100 ETF (+0.33%) all made gains, even if they seemed moderate compared to the week before.

At sector level, technology led the way with a 3.06% return whilst industrials were the only major sector to retreat, posting a 0.28% loss.

## News.

The euro zone economy grew by 0.30% in the first quarter of the year, suggesting a recovery is now underway after six straight quarters of stagnant or negative growth, Eurostat said on Wednesday. Among the biggest euro zone countries, Spain was the strongest performer in the first quarter with 0.70% growth while Germany, France and Italy were all at or just below the euro zone average.

## Geopolitics.

Taiwan President Lai Ching-te has asked China to stop its military and political threats, saying in his inauguration speech that peace is the only choice and that Beijing had to respect the choice of the Taiwanese people.

China responded by saying Lai had sent "*dangerous signals*" that seek to undermine peace and stability across the Taiwan Strait. Lai repeated a call for talks with China, which views the proudly democratic island as its own territory and has never renounced the use of force to bring it under Beijing's control.

## Inflation.

UK Inflation is expected to fall to its lowest level in nearly three years when new figures are released on Wednesday, helping to pave the way for summer interest rate cuts.

Economists at the Bank of England expect the headline rate of inflation will fall to 2.10%, down from 3.20% in April. The reduction in Ofgem's energy price cap at the beginning of April will be the largest contributor to the fall in inflation. This alone is expected to knock around 0.40% off the headline rate.

## Central Banks.

The Bank of England has revealed a major expansion of its presence in Leeds as part of efforts to spread its work outside London. The Bank said its current operation in the West Yorkshire city, which has 70 staff, would grow to 500 by 2027. It employs just shy of 5,000 people currently which are spread nationally but most are based at the Bank in the City of London's Threadneedle Street.

## ESG.

In a continued theme of decarbonisation for the Aviation industry, Boston Consulting Group have announced a new agreement to purchase sustainable aviation fuel certificates (SAFc) for fuel made using renewable energy and CO<sub>2</sub>.

Bought from carbon transformation-focused company Twelve, the new agreement will run from 2026 to 2029, and is expected to deliver more than 4,000 metric tons of CO<sub>2</sub> emissions reductions.

## Commodities.

Silver added over 13% for the week amid optimism the US Fed will soon start cutting interest rates. Geopolitical tensions in the Middle East have also boosted the appeal of silver as a safe-haven asset. Wheat fell by 5.31% which appears to be a temporary pullback as concerns regarding supply disruption from bad weather continue.

## Week Ahead.

On Monday, several members of the US Federal Open Market Committee are speaking to guide markets and European Central Bank President, Christine Lagarde, will provide further guidance on the Eurozone. UK CPI (inflation) figures will be released on Wednesday, with the market expecting 2.10% against 3.20% prior. And on Thursday, the EU, US and UK confirm their final PMI (Purchase Manager Index) numbers for the prior month, revising estimates accordingly, giving further guidance to manufacturing and services growth.

### 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).  
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Central Banks - Bank of England to grow 'northern hub' with 500 staff, Sky News, 17/05/2024  
ESG - BCG Buys Sustainable Aviation Fuel Made from CO<sub>2</sub> from Twelve, by Mark Segal, ESG Today, 17/05/24  
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Commodities - Data sourced from Koyfin and Investing.com  
Week ahead - Data sourced from Investing.com

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