

Weekly market review

22nd January 2024.

A look back at the previous week's markets.

By Anthony Walters
Head of ESG - Clever



Clever.

A look back at the markets...

- **UK Business Landscape on Edge**
- **China's Balloons: The 'Airborne' Invasion Taiwan Didn't Expect**
- **UK Prices Jump as Tobacco Takes Off and Airfares Soar**
- **ECB Walks a Tightrope**

Market Recap.

Tech led again as the Nasdaq 100 ETF gained 2.08%. The S&P 500 ETF was in second place, adding 0.85%, whilst the Dow Jones Industrial Average ETF 0.65%. The FTSE 100 ETF was negative again, falling by -1.72%. Additionally, both the Nasdaq and S&P 500 have broken out to new All-Time-Highs.

At sector level, Technology gained 4.13% whilst Utilities fell by 3.70%.

News.

More than 47,000 UK companies are on the brink of collapse after a 25% jump in the number of businesses facing “critical” financial distress in the final three months of 2023, according to a report. It marks the second consecutive quarter-on-quarter period when critical financial distress has risen by a 25%, the latest “Red Flag” report by insolvency specialists Begbies Traynor found. The construction and property sectors accounted for 30% of all businesses facing critical financial distress.

Geopolitics.

Taiwan's defence ministry said it had detected six more Chinese balloons flying over the Taiwan Strait on Sunday, one of which crossed the island, the latest in a spate of such balloons the ministry says it has seen over the past month-and-a-half. The ministry earlier this month, in a strongly worded statement, accused China of threatening aviation safety and waging psychological warfare on the island's people with the balloons, days before Taiwan's Jan. 13 elections.

Inflation.

Britain's annual rate of consumer price inflation (CPI) sped up for the first time in 10 months in December, rising to 4.0% from November's more-than-two-year low of 3.9% and denting market expectations for an early Bank of England rate cut. A sharp rise in tobacco duty and a bigger impact from seasonal air fare increases contributed to the increase, which contrasted with expectations for a drop to 3.8%.

Central Banks.

Some European Central Bank officials fretted when they last set interest rates, that investor wagers for monetary easing could upend their efforts to curb inflation. “Concern was expressed that the sharp market repricing threatened to loosen financial conditions excessively, which could derail the disinflationary process,” according to the account of the Dec. 13-14 meeting, published on Thursday. The release comes as ECB officials look to pour cold water on market expectations of aggressive reductions in borrowing costs starting in the spring.

Commodities.

Sugar gained 9.07% for the week whilst the ever-volatile Natural Gas, fell by nearly 18%. output is expected to increase after falling to a 12-month low last week mainly due to freeze-offs (frozen production sites).

ESG.

Amazon has invested in more than 100 new solar and wind energy projects in 2023, claiming the title of largest corporate purchaser of renewable energy for the fourth consecutive year. This brings the company's pipeline of clean energy capacity to greater than 77,000 GWh per year, equivalent to the power needs of 7.2 million homes. The new projects will move Amazon closer to having 100% renewable electricity use for its operations by 2025, ahead of its 2030 target.

Week Ahead.

The major announcements happen in the latter half of this week with the European Central Bank set to announce its interest rate decision on Thursday, with the market expecting rates to stay unchanged at 4.50%. Additionally, the US publishes its GDP figures later on the same day, with the market expecting 2.0% Quarter on Quarter growth, down from 4.9% prior.

Sources:

Anthony Walters - Head of ESG at Clever Adviser Technology Ltd (Clever)

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 - More than 47,000 UK businesses on 'brink of collapse', warn insolvency experts By Mark Sweeney, Reuters, 22/01/24

Inflation - UK inflation shows surprise rise, denting Bank of England rate cut bets, by David Milliken and Andy Bruce, Reuters, 17/01/24

Central Banks - Some ECB Officials Worried Markets Risk Derailing Disinflation, by Jana Randow, Alexander Weber and Mark Schroers, Yahoo Finance/Bloomberg, 18/01/2024

ESG - Amazon Invests in Over 100 New Solar and Wind Projects Over Past Year, by Susan Lahey, ESG Today, 18/01/24

Geopolitics - Taiwan says it spots six more Chinese balloons, one crossed island by Ben Blanchard, Reuters 22/01/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

Important Information:

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from Clever to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. You should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine – together with your own professional advisers if appropriate – if any investment mentioned herein is believed to be suitable. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice.

All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. Issued by Clever Adviser Technology Ltd (Clever), a company registered in England and Wales (company number: 2910523) with registered office at Watergate House, 85 Watergate Street, Chester, Cheshire CH1 2LF.