

# Weekly market review

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A look back at the previous week's markets.

By Anthony Walters  
Head of ESG - Clever



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# A look back at the markets...

- **Market Cool-Down: January's Chill**
- **Inflation Upswing in Euro Zone**
- **Amazon's Green Initiative: Hydrogen Power Unveiled**
- **Economic Insights Ahead - FOMC Guidance and Key Data Releases**

## Market Recap.

Markets started the year in muted fashion, cooling off after a very strong November and December.

The Dow Jones Industrial Average ETF held up the best, with a -0.58% return, followed by the FTSE 100 ETF which fell by -0.69% for the week. Elsewhere, the S&P 500 ETF and Nasdaq 100 ETF had a larger pullback, returning -1.60% and -3.15% respectively.

At sector level, Healthcare fared best with a 2.01% gain, whilst Technology fell by -4.34% for the week.

## News.

Cuts to British mortgage rates this week are putting forecasts for bank profit margins under a spotlight, adding to pressure on a sector that has struggled to meet shareholder expectations. Prices for many home loan products have fallen since July, amid speculation the Bank of England (BoE) might trim its 5.25% base interest rate earlier than expected as a result of supportive economic data, including a slowdown in inflation.

## Geopolitics.

The United States and its allies in the Group of Seven are seeking a quick way out of the military phase of the Gaza conflict, Italy said on Monday, as U.S. Secretary of State Antony Blinken and his EU and German counterparts toured the region. Blinken was holding talks on Gaza in the U.A.E and Saudi Arabia on Monday before heading on to Israel, aiming to kick start concerted peace efforts that he says are needed to avoid a wider conflagration.

## Inflation.

Euro zone inflation jumped as expected last month, supporting the European Central Bank's case to keep interest rates at record highs for some time, even as markets continued to bet on a rapid fall in borrowing costs. Inflation across the 20-nation bloc jumped to 2.9% in December from 2.4% in November, just shy of expectations for a 3.0% reading, mostly on technical factors, such as the end of some government subsidies and low energy prices getting knocked from base figures.

## Central Banks.

The European Central Bank is unlikely to lower borrowing costs before the summer, according to Governing Council member Boris Vujcic. While inflation will continue to gradually ease, officials want to be convinced of the slowdown and will await data on the euro zone's labour market, the Croatian central bank chief said Monday. *"We're not talking about cutting interest rates now, and probably won't before summer,"* Vujcic told Croatia's N1 TV.

## Commodities.

Natural Gas fared best last week with an 8.09% gain, far ahead of Heating Oil (3.47%) and WTI Crude (3.29%). Ever volatile, Coal declined by 10% for the week, which is becoming a normalised move for the commodity based on demand/supply movement between key consumers such as China, Japan and South Korea.

## ESG.

Amazon has installed its first Low Carbon Hydrogen Electrolyzer at a Colorado Fulfilment Centre. The new one-megawatt electrolyzer at the Colorado fulfilment centre uses electricity and water to produce hydrogen, which will be compressed on site and stored in a gaseous hydrogen storage tank for use to power forklift trucks at the facility. The installation was completed by Plug Power, which was founded in 1997 and provide turnkey solutions for hydrogen fuel cell applications.

## Week Ahead.

On Monday we hear from FOMC member Raphael Bostic, who will guide markets on monetary policy for the US. The EU also reports its unemployment rate which has remained around 6.50% for some time.

Thursday sees the US release its inflation figures, with CPI expected to be 3.20%, almost unchanged from 3.10% prior. And on Friday, the UK publishes GDP figures where the market expects to see slight Year-On-Year growth of 0.10%.

### 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 - UK mortgage price war set to cheer borrowers, pinch bank profits By Sinead Cruise and Lawrence White, Reuters, 05/01/24

Inflation - Euro zone inflation jump cools case for ECB rate cuts, By Balazs Koranyi, Reuters, 05/01/24

Central Banks - ECB Probably Won't Cut Rates Before the Summer, Vujcic Says, by Jasmina Kuzmanovic, Yahoo Finance/Bloomberg, 08/01/2024

ESG - Amazon Installs its First Low Carbon Hydrogen Electrolyzer at Colorado Fulfilment Center, by Susan Lahey, ESG Today, 04/01/24

Geopolitics - Western allies seek rapid end to Gaza war as Israel presses on, By Simon Lewis and Nidal Al-Mughrabi, Reuters, 08/01/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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