

Weekly market review

8th April 2024.

A look back at the previous week's markets.

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A look back at the markets...

- **China's Sovereign Credit Outlook Cut to Negative by Fitch**
- **Americans' Mixed Outlook on Inflation: NY Fed Report**
- **ECB Expected to Hold Rates, Hint at June Cut**
- **Lululemon Introduces Sustainable Packable Anorak Jacket**

Market Recap.

The FTSE 100 ETF (-0.63%) held up the best from the major markets although all made a loss for the week as markets cooled off during profit-taking.

The Nasdaq 100 ETF (-0.72%), S&P 500 ETF (-0.95%) and Dow Jones Industrial Average (-2.21%) were all challenged.

News.

Fitch cut its outlook on China's sovereign credit rating to negative, citing risks to public finances as the economy faces increasing uncertainty in its shift to new growth models.

The outlook downgrade follows a similar move by Moody's in December and comes as Beijing ratchets up efforts to spur a feeble post-COVID recovery in the world's second-largest economy with fiscal and monetary support.

Geopolitics.

U.S. President Joe Biden and Japanese Prime Minister Fumio Kishida have unveiled plans for military cooperation and projects ranging from missiles to moon landings, strengthening their alliance with an eye on countering China and Russia.

A joint news conference at the White House reflected the growing importance of Japan on the world stage and to the United States, as the two leaders weighed in on Gaza and Israel, Ukraine and Russia, North Korea and other world flashpoints.

Inflation.

Americans' outlook for inflation was mixed last month amid expectations for bigger price rises across a range of key goods and services, as worries about missing debt payments mounted, a report from the Federal Reserve Bank of New York said on Monday.

The bank found in its March Survey of Consumer Expectations that the public sees inflation a year from now at 3.00%, unchanged from the prior month. The expected level of inflation three years from now rose to 2.90% from 2.70% in February, while five years from now inflation is seen at 2.60% from the prior month's prediction of 2.90%.

Central Banks.

According to Reuters, the European Central Bank is all but certain to keep borrowing costs at a record high on Thursday but is likely to signal that a rate cut could come as soon as June, given a sharp slowdown in inflation and continued economic weakness.

The ECB has kept interest rates steady since September but has already signalled that cuts are coming into view, with policymakers awaiting a few more comforting wage indicators before pulling the trigger.

ESG.

Athletic apparel company Lululemon athletica announced the launch a limited edition Packable Anorak jacket, its first ever product to be produced using enzymatically recycled polyester, as well as from captured carbon, in what the company described as a “key milestone” in textile recycling and its work to create a circular ecosystem.

The company has set a series of sustainable materials goals, including sourcing at least 75% recycled polyester by 2025.

Commodities.

Silver gained the most for the week adding 10.24%, showing that the “metals” are back in fashion as central banks look set to cut interest rates this year. Gold, whilst positive, added a modest 3.63%. At the other end of the spectrum, Cotton fell by 6.19% amid subdued demand and ample supply.

Week Ahead.

The US released its inflation figures on Wednesday, with the market expecting Year-On-Year CPI inflation to be 3.70%. On Thursday, the European Central Bank announces its interest rate decision with the market expecting rates to remain unchanged at 4.00%. And on Friday, the UK publishes its GDP figures, with economists forecasting 0.10% growth (Month on Month) compared to 0.20% 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 - Fitch cuts China's ratings outlook on growth risks, By Reuters, 10/04/24

Inflation - NY Fed finds mixed outlook for inflation expectations in March, Reuters, 08/04/24

Central Banks - ECB to set up June rate cut after rapid disinflation, by Balazs Koranyi and Francesco Canepa, Reuters, 11/04/2024

ESG - Lululemon Launches First-Ever Product Made with New Recycled Polyester Tech, Captured Carbon, by Mark Segal, ESG Today, 08/04/24

Geopolitics - Biden and Kishida forge new partnership, eyeing China and Russia, By Trevor Hunnicutt, Steve Holland and Jeff Mason, Reuters, 11/04/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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