

Weekly market review

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A look back at the previous week's markets.

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A look back at the markets...

- **ECB Holds Interest Rates Steady Despite Inflation Concerns**
- **Putin Warns West of Russia's Readiness for Nuclear War**
- **US Inflation Rate Rises to 3.2% in February**
- **Bank of England Data Shows Surge in Mortgage Arrears**

Market Recap.

Only the FTSE 100 ETF (0.67%) was positive for the week as the S&P 500, Dow Jones Industrial Average and Nasdaq ETFs sold off by -0.96%, -1.61% and -1.71% respectively.

Tying in with the FTSE ETF performance, Energy was the top performer at sector level, returning 0.81%. Technology was the most challenged, down by 3.06% for the week as the market paused near All Time Highs, awaiting further guidance from central banks.

News.

The European Central Bank (ECB) left its key interest rate unchanged for the fourth time in a row at Thursday's meeting. But the revised inflation outlook led investors to expect the first interest rate cut in June. The interest rate decision had been widely expected, and two thirds of economists now predict a first rate cut in June. The main refinancing operations and the interest rates on the marginal lending facility and the deposit facility were left unchanged at 4.50%, 4.75% and 4.00% respectively. The ECB remained silent as to when rates may be cut.

Geopolitics.

President Vladimir Putin warned the West on Wednesday Russia was technically ready for nuclear war and that if the U.S. sent troops to Ukraine, it would be considered a significant escalation of the conflict.

Putin, speaking just days before a March 15-17 election, said the nuclear war scenario was not "rushing" up and he saw no need for the use of nuclear weapons in Ukraine. "From a military-technical point of view, we are, of course, ready," Putin, 71, told Rossiya-1 television and news agency RIA in response to a question whether the country was really ready for a nuclear war.

Inflation.

The inflation rate in the US picked up in February, as prices for petrol and housing pushed higher.

The annual rate, which measures the pace of price increases, was 3.2% in February, up from 3.1% in January, the Labor Department said. Airfare, car insurance and clothing were among the items driving the increase over the month. Grocery prices, which have jumped in recent years, fuelling public discontent, were unchanged.

Central Banks.

The Bank of England revealed a sharp rise in people falling behind on their home loan payments today, as its long run of interest rate hikes pushed up mortgage arrears. Official figures from Threadneedle Street showed that the value of outstanding mortgage balances that are behind on payments in the final quarter of 2023 hit £20.3 billion, up by over 50% year-on-year and 9% from the third quarter of last year. And the proportion of the UK's total outstanding home loans that were in arrears in the period rose to the highest in 7 years at 1.23%.

ESG.

Tech giant IBM announced a new commitment to invest \$45 million in its social impact program, the IBM Sustainability Accelerator, as part of a new initiative aimed at boosting city resiliency through technology-focused climate adaptation solutions. For the upcoming cohort, IBM announced that it has issued a new request for proposals (RFP) for solutions to advance city resiliency, aligned with UN SDG 11, "Sustainable Cities and Communities."

Week Ahead.

The UK reports its GDP figures on Wednesday with the market expecting -0.30% growth (year on year) as higher interest rates slow economic 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).

News - ECB Holds Interest Rates, June Could See First Cut, By Antje Schiffler, Morningstar, 07/03/24

Inflation - US inflation edges up as Fed debates interest rate cuts, by BBC News, 12/03/24

Central Banks -Mortgage rates: Bank of England reveals sharp rise in arrears as interest rate hikes hit homeowners, By Michael Hunter, Standard, 12/03/2024

ESG -IBM to Invest \$45 Million in Climate Adaptation-Focused Social Impact Program, by Mark Segal, ESG Today, 12/03/24

Geopolitics - Putin warns the West: Russia is ready for nuclear war By By Guy Faulconbridge and Lidia Kelly, Reuters, 13/03/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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