

Weekly market review 15th April 2024.

A look back at the previous
week's markets.

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A look back at the markets...

- **UK Economy Shows Signs of Recovery in February**
- **Biden Warns Netanyahu: U.S. Won't Join Counter-Offensive Against Iran**
- **U.S. Consumer Prices Rise, Fed Rate Cut Delayed**
- **EU Adopts Stricter Rules for Building Energy Efficiency**

Market Recap.

In a mixed week for markets, the Nasdaq 100 ETF (1.51%), FTSE 100 ETF (0.81%) and S&P 500 ETF (0.63%) all made a gain, whilst only the Dow Jones Industrial Average ETF (-0.45%) struggled to keep pace.

The major sectors in the US pulled back for the week, with Technology faring best (-0.50%) and Financials faring worst (-3.63%) as uncertainty around the timing of interest rate cuts persisted.

News.

Britain's economy has taken a step closer to exiting recession as official figures showed growth continued in February despite a washout month for construction and retail after one of the wettest starts to a year on record.

The Office for National Statistics (ONS) said gross domestic product (GDP) rose by 0.1% in February, matching City economists' forecasts and extending a recovery after growth in January was revised up from 0.20% to 0.30%.

Geopolitics.

President Joe Biden warned Prime Minister Benjamin Netanyahu the U.S. will not take part in a counter-offensive against Iran, an option Netanyahu's war cabinet favours after a mass drone and missile attack on Israeli territory, according to officials.

The threat of open warfare erupting between the arch Middle East foes and dragging in the United States put the region on edge, triggering calls for restraint from global powers and Arab nations.

Inflation.

U.S. consumer prices increased more than expected in March as Americans continued to pay more for gasoline and rental housing, leading financial markets to anticipate that the Federal Reserve would delay cutting interest rates until September. Core CPI came in at 3.80%, above the 3.70% forecast, whilst Year on Year CPI was 3.50%, above expectations of 3.40%.

The third straight month of strong consumer price readings reported by the Labor Department on Wednesday also suggested that the pick-up in inflation in January and February could not be solely attributed to businesses raising prices at the start of the year as economists had argued.

Central Banks.

The European Central Bank kept interest rates at record highs last week but sent an even clearer signal that it may be preparing to cut them as euro zone inflation continues to fall. The central bank kept its deposit rate at 4.00%, where it has been since September as part of a 1.5-year effort to rein in prices.

But, with inflation now close to the ECB's 2% target, bank lending at a standstill and the economy barely growing, the ECB dropped fresh hints about a possible cut at its next meeting.

ESG.

The European Council has formally adopted the revised Energy Performance of Buildings Directive (EPBD), with new rules aimed at reducing energy use and emissions from buildings across the EU, including targets for all new buildings to be zero emissions by 2030, and to phase out the use of fossil fuels in building heating systems by 2040.

Buildings are a key source of global greenhouse gas (GHG) emissions, and also one of the hardest to replace, given their long-term nature. According to the European Commission, buildings account for 40% of the energy consumed in the EU, and for 36% of energy related GHG emissions. 80% of household energy consumption is used for heating, cooling, and hot water.

Week Ahead.

Of the major economic releases, the UK publishes its inflation data on Wednesday with the market expecting Year-On-Year inflation to fall to 3.10% from 3.40% prior. The EU publishes its bi-monthly inflation figures with the market expecting inflation to fall to 2.40% from 2.60% prior. Finally, the US publishes its Initial Jobless Claims figures on Thursday, with claims forecast to be 214,000 ahead of 211,000 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 - UK takes another step on path out of recession as GDP rises, By Richard Partington, Guardian, 12/04/24

Inflation - US consumer prices heat up in March; seen delaying Fed rate cut, By Lucia Mutikani, Reuters, 10/04/24

Central Banks - ECB holds rates at record highs, signals upcoming cut, by Reuters, 11/04/2024

ESG - EU Adopts Rules Requiring All New Buildings to Be Zero Emissions by 2030, by Mark Segal, ESG Today, 12/04/24

Geopolitics - US will not take part in any Israeli retaliatory action against Iran, By James Mackenzie, Parisa Hafezi and Jeff Mason, Reuters, 15/04/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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