

# Weekly market review

## 18th March 2024.

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A look back at the previous week's markets.

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**Clever.**

# A look back at the markets...

- **Retail Therapy Saves the Day**
- **Putin's Landslide Election Win Draws Criticism from West**
- **Americans Feel Inflation Pinch: Groceries Lighter, Wallets Heavier**
- **Deutsche Bank Ties Executives' Pay to Decarbonization Goals**

## Market Recap.

The FTSE 100 ETF led for the week again, adding 0.79%, followed closely by the Dow Jones Industrial Average (0.63%) and S&P 500 ETFs (0.52%). The Nasdaq 100 ETF was challenged, falling by 0.45%.

Once again, Energy was the top performer at sector level gaining 3.84%, followed by Materials (1.62%). Real Estate (-2.81%) and Consumer Discretionary (-2.81%) sectors were most challenged.

## News.

A surge in high street and online spending helped Britain's economy return to growth in January, boosting hopes that the recession of late 2023 will be short-lived.

The Office for National Statistics (ONS) said national output – as measured by gross domestic product (GDP) – rose by 0.2% in the first month of 2024, largely as a result of a sharp recovery in retail sales after December's hefty drop.

## Geopolitics.

Western governments lined up on Monday to condemn Vladimir Putin's landslide election victory as unfair and undemocratic, but China and North Korea congratulated the veteran Russian leader on extending his rule by a further six years. The Kremlin dismissed such criticism, saying the 87% of the vote won by Putin during the three-day election showed that the Russian people were consolidating around him.

## Inflation.

U.S. consumer prices increased by 3.20% in February amid higher costs for gasoline and shelter, suggesting some stickiness in inflation that further diminishes the chances of a Federal Reserve interest rate cut before June.

Despite the second straight month of firmer inflation readings reported by the Labor Department on Tuesday, the composition of the report remained consistent with a disinflationary trend. Inflation-weary Americans got some relief from their supermarket and medical bills.

## Central Banks.

The U.S. Federal Reserve is widely expected to keep rates unchanged when it ends its two-day meeting on Wednesday, but policy makers could show more concern about stubborn inflation and present more hawkish signals about the timing and extent of any easing this year.

Stronger-than-expected economic growth and stickier inflation this year has led investors to push back expectations on the U.S. central bank's first rate cut to June, from May, and reduce bets on how many cuts are likely this year.

## ESG.

Deutsche Bank announced an update to its Long-Term Incentive plan for Management Board members, the most senior executives in the company, with a portion of compensation for the group linked for the first time to the decarbonisation of the bank's corporate loan portfolio, beginning in 2024.

The change to Deutsche Bank's incentive plan was announced alongside the release of the bank's Annual Report, and its Non-Financial Report, outlining its progress on its sustainability agenda and targets.

## Week Ahead.

The EU reports its inflation figures on Monday with CPI Inflation (Year on Year) expected to be 2.60% compared to 2.80% prior. The UK follows suit on Wednesday with CPI (Year on Year) forecast to be 3.50% (4.00% prior).

Also on Wednesday, the US publishes the results of its widely anticipated Federal Open Market Committee meeting, in which it decides on the central banking interest rate. Markets expect the 'Fed' to maintain course and hold interest rates at 5.50%.

And on Thursday, the Bank of England announces its interest rate decision, with markets expecting rates to be held at 5.25%.

### 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 - Hopes of UK exit from recession boosted as GDP rises in January, By Larry Elliott, Guardian, 13/03/24

Inflation - Gasoline, shelter costs boost US prices; inflation still slowing, by Lucia Mutikani, 12/03/24

Central Banks - Sticky inflation could be a wild card for easing timetable at Fed meeting, By Karen Brettell, 18/03/2024

ESG - Deutsche Bank Ties Senior Exec Compensation to Loan Book Decarbonization Goals, by Mark Segal, ESG Today, 18/03/24

Geopolitics - West decries Putin's landslide election win, China congratulates him By Matthias Williams, Reuters, 18/03/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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