

Weekly market review

22nd April 2024.

A look back at the previous week's markets.

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A look back at the markets...

- **US Economy Poised for Strong Growth in 2024**
- **Explosions in Iran Amid Israeli Attack Rumors**
- **UK Inflation Slows Less than Expected**
- **Apple Commits to 100% Renewable Energy in Manufacturing by 2030**

Market Recap.

Markets receded for the week with the Dow Jones Industrial Average ETF (-0.26%) faring best as inflation and related measures, continued to stall, showing that interest rates may not be cut as soon as the market priced in.

The commodity-heavy FTSE 100 ETF (-0.77%) also held up reasonably well, whilst both major US indices were hit harder as the S&P 500 ETF (-2.70%) and the Nasdaq 100 ETF (-4.52%) both struggled for the week.

News.

The US economy is forecast to grow by 2.70% in 2024, the highest of the advanced economies, with Spain the second nearest at 1.90%. The world economy is set to continue growing at 3.20% during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies will be offset by a modest slowdown in emerging market and developing economies from 4.30% in 2023 to 4.20% in both 2024 and 2025.

Geopolitics.

Explosions echoed over an Iranian city on Friday in what sources said was an Israeli attack, but Tehran played down the incident and indicated it had no plans for retaliation - a response that appeared gauged towards averting region-wide war. Iran's foreign minister said the drones, which the sources said Israel launched against the city of Isfahan, were "mini-drones" and that they had caused no damage or casualties. The limited scale of the attack and Iran's muted response appeared to signal a successful effort by diplomats who have been working to avert all-out war since a recent Iranian drone and missile attack on Israel.

Inflation.

Britain's inflation rate slowed by less than expected in March, according to official figures, adding to signs that a first interest rate cut by the Bank of England could be further off than previously thought.

British consumer prices rose by an annual 3.20%, down from a 3.40% increase in February and its lowest in two and a half years, the Office for National Statistics said.

Markets had forecast a fall in inflation to 3.10%. Subsequently, investors reduced their bets on BoE rate cuts and sterling rose.

Central Banks.

European Central Bank President Christine Lagarde has said the central bank remains on course to cut interest rates in the near term, subject to any major shocks. Lagarde said the ECB would monitor oil prices “*very closely*” amid elevated fears of a spillover conflict in the Middle East. However, since Iran’s unprecedented air attack on Israel, she said the oil price reaction had been “*relatively moderate*.”

Her comments come shortly after the central bank gave its clearest indication to date that it could start cutting interest rates during its June meeting.

ESG.

Apple have announced that 95% of the company’s direct manufacturing spend have now committed to use 100% renewable energy for Apple production by 2030. Emissions from product manufacturing represents nearly two-thirds of Apple’s carbon footprint, with electricity use as the single largest contributor.

Commodities.

In metals, Steel stormed ahead, adding 4.48%, followed by Aluminium which gained 4.27%. Both Crude oil contracts were down by over 3.00% whilst Heating oil declined by 4.11% as the latest EIA report revealed higher-than-expected crude oil stockpiles, coupled with reduced expectations of Fed interest rate cuts and concerns over China's economic struggles, as the world's top importer, further dampened sentiment.

Week Ahead.

Of the major economic releases this week, final manufacturing and Global Services PMI numbers will be published, with both still expecting growth. And on Thursday, the US announces Quarter-on-Quarter GDP, with the forecast for 2.50% growth compared to 3.40% 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 - Global recovery is steady but slow and differs by region, By The IMF, 22/04/24

Inflation - UK inflation slows its fall, pushing back rate cut bets, By Suban Abdulla and William Schomberg, Reuters, 17/04/24

Central Banks - Lagarde says ECB will cut rates soon, barring any major surprises; notes 'extremely attentive' to oil, by Sam Meredith, CNBC, 16/04/2024

ESG - 95% of Apple's Supply Chain Commits to 100% Renewable Energy Use by 2030, by Mark Segal, ESG Today, 22/04/24

Geopolitics - Tehran plays down reported Israeli attacks, signals no retaliation, By Parisa Hafezi and James Mackenzie, Reuters, 19/04/24

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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