

Chief Investment Office

# Weekly Market Commentary

For professional advisers only



## In Summary

- The market impact of Israel's attack on Iran fades as both countries appear to walk-back tensions a little.
- US Federal Reserve's preferred measure of inflation due on Friday, ahead of a US interest rate meeting next week.
- Gold rose to a fresh high last week, as geopolitics and central bank buying still look to be in the driving seat.
- With a raft of companies due to report results this week, megacap technology stocks will be a particular focus.

Israel's retaliatory attack on Iran initially unsettled markets coming into Friday, but as the day progressed both countries appeared to walk back tensions a little; Iran's military and political leaders downplayed the impact of the attack, while Israel's attack itself was widely considered as limited in scale. Oil prices, which had initially spiked to over US\$90 a barrel gave up some of their early gains. However, that did not stop the S&P 500 US equity index finishing lower on Friday, marking its worst week since March last year, and sitting -5.5% below its peak at the end of last month. Bond markets did not benefit from last week's risk-off tone either, with investors sceptical about interest rate cuts looking forward - over the week, government 10-year bond yields were up both in the US and Europe. In geopolitical news, the US House of Representatives on a special session over the weekend approved more than US\$60 billion in aid for Ukraine's military effort - the US Senate is expected to pass their vote on it later this week.

Looking to the week ahead, the focus for markets is likely to be the preliminary US Q1 Gross Domestic Product (GDP) reading due on Thursday, as well as US Personal Consumption Expenditures (PCE) inflation due Friday. This latest US inflation read will be of particular importance for the US Federal Reserve - they have their next interest rate policy meeting next week, while ahead of that, they are in communication 'black-out' for this week. Elsewhere this week, we get global flash Purchasing Manager Indices (PMIs) due on Tuesday, and on Friday we are due the latest Bank

of Japan interest rate decision, as well as Tokyo's Consumer Price Index (CPI) inflation data. Finally, we get a raft of corporate earnings results coming up this week, including from four of the so-called 'Magnificent Seven' group of US megacap technology companies - we have Tesla due on Tuesday, Meta on Wednesday, and Alphabet and Microsoft both on Thursday.

The rise in the gold price to an all-time intraday high above US\$2,400 an ounce last week, continues to be a notable feature in global markets currently. Behind the price rise, worsening geopolitical tensions in the Middle East and Ukraine clearly feature as a likely driver, but also thought to be providing support is central bank buying. According to World Gold Council data published earlier this month, central banks led by China have been buying gold, with China's central bank buying gold for its reserves for a 17th straight month in March.

This week we are due to get 178 of the S&P 500 companies reporting first calendar quarter (Q1) results, representing more than 40% of the index's market capitalisation. Of particular interest will be how the four of the so-called 'Magnificent Seven' group of US technology companies that are reporting this week do - given these megacap technology companies have driven a significant share of the rise in equity markets over the past year or so, how they do this week, both in terms of results but also their forward guidance, could well have an outsized impact on the US and indeed on global equity indices more broadly.

## Economic indicators (week beginning 15 April 2024)

Day	Data Release	Consensus	Prior	Actual
Monday	United States Retail Sales Advance MoM Mar	0.4%	0.6%	0.7%
	Japan Core Machine Orders MoM Feb	0.8%	-1.7%	7.7%
	United States Empire Manufacturing Apr	-5.0	-20.9	-14.3
Tuesday	China GDP YoY 1Q	4.8%	5.2%	5.3%
	Germany ZEW Survey Expectations Apr	35.5	31.7	42.9
	Canada CPI YoY Mar	2.9%	2.8%	2.9%
	Germany ZEW Survey Current Situation Apr	-76.0	-80.5	-79.2
	Italy CPI EU Harmonized YoY Mar F	1.3%	1.3%	1.2%
	United Kingdom Jobless Claims Change Mar	--	16.8k	10.9k
	United Kingdom ILO Unemployment Rate 3Mths Feb	4.0%	3.9%	4.2%
	Canada CPI NSA MoM Mar	0.7%	0.3%	0.6%
	China Industrial Production YoY Mar	6.0%	--	4.5%
	United States Housing Starts Mar	1482k	1521k	1321k
	United States Industrial Production MoM Mar	0.4%	0.1%	0.4%
Wednesday	China Retail Sales YoY Mar	4.8%	--	3.1%
	United Kingdom Claimant Count Rate Mar	--	4.0%	4.0%
	United Kingdom CPI YoY Mar	3.1%	3.4%	3.2%
	United Kingdom CPI MoM Mar	0.4%	0.6%	0.6%
Thursday	United Kingdom CPI Core YoY Mar	4.1%	4.5%	4.2%
	United States MBA Mortgage Applications 41000	--	0.1%	3.3%
Friday	United States Initial Jobless Claims 41365	215k	211k	212k
	Australia Unemployment Rate Mar	3.9%	3.7%	3.8%
	Australia Employment Change Mar	10.0k	116.5k	-6.6k
	Japan Tertiary Industry Index MoM Feb	0.5%	0.3%	1.5%
	United States Existing Home Sales Mar	4.20m	4.38m	4.19m
Friday	United States Leading Index Mar	-0.1%	0.1%	-0.3%
	Japan Natl CPI YoY Mar	2.8%	2.8%	2.7%
	United Kingdom Retail Sales Inc Auto Fuel MoM Mar	0.3%	0.0%	0.0%
Friday	United Kingdom Retail Sales Inc Auto Fuel YoY Mar	1.0%	-0.4%	0.8%
	China FX Net Settlement - Clients CNY Mar	--	-43.1b	-145.1b

Source: Bloomberg, data accessed 22 April 2024.



## Economic indicators (week beginning 22 April 2024)

Day	Data Release	Consensus	Prior
Tuesday	France HCOB France Manufacturing PMI Apr P	46.8	46.2
	France HCOB France Services PMI Apr P	48.9	48.3
	Japan Jibun Bank Japan PMI Mfg Apr P	--	48.2
	Germany HCOB Germany Manufacturing PMI Apr P	42.7	41.9
	United Kingdom S&P Global UK Manufacturing PMI Apr P	50.4	50.3
	United States S&P Global US Manufacturing PMI Apr P	52.0	51.9
	United States New Home Sales Mar	670k	662k
	France HCOB France Composite PMI Apr P	48.8	48.3
Wednesday	Germany IFO Business Climate Apr	88.8	87.8
	Italy Manufacturing Confidence Apr	89.2	88.6
	Australia CPI YoY 1Q	3.5%	4.1%
	United States Durable Goods Orders Mar P	2.5%	1.3%
	Australia CPI QoQ 1Q	0.8%	0.6%
	United States MBA Mortgage Applications 43556	--	3.3%
	Italy Consumer Confidence Index Apr	96.8	96.5
Thursday	United States Initial Jobless Claims 43922	215k	212k
	United States GDP Annualized QoQ 1Q A	2.5%	3.4%
	United States Wholesale Inventories MoM Mar P	0.3%	0.5%
Friday	United States U. of Mich. Sentiment Apr F	77.9	77.9
	Japan Tokyo CPI Ex-Fresh Food YoY Apr	2.2%	2.4%
	United States Personal Income Mar	0.5%	0.3%
	United States Personal Spending Mar	0.6%	0.8%
	Japan BOJ Target Rate (Upper Bound) 46113	0.1%	0.1%
	United States Pending Home Sales NSA YoY Mar	--	-2.2%

Source: Bloomberg, data accessed 22 April 2024.



## Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2263	-1.34%	-1.29%	2.16%	3.57%
MSCI USA USD	4729	-3.15%	-3.14%	3.89%	4.20%
MSCI Europe ex UK EUR	201	-1.04%	-0.98%	4.56%	5.22%
MSCI AC Asia ex JPN USD	515	-3.70%	-3.69%	-2.68%	-2.15%
MSCI Japan JPY	1618	-5.01%	-5.01%	11.73%	12.59%
MSCI Emerging Markets USD	1004	-3.60%	-3.58%	-1.91%	-1.36%
Barclays Sterling Gilts GBP	224		-0.85%		-4.26%
GOLD USD	2392	2.03%		15.95%	
WTI Oil USD	83	-2.94%		16.04%	
MSCI PIMFA Income		-1.59%	-1.55%	1.29%	2.05%
MSCI PIMFA Balanced		-1.76%	-1.73%	1.88%	2.61%
MSCI PIMFA Growth		-2.11%	-2.08%	3.12%	3.79%

Source: Bloomberg, MSCI; please see important information, data accessed 22 April 2024.

**YTD denotes year to date, TR denotes total return and CR denotes capital return.**



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