

Last Week at a Glance

Both global equities and bonds sold off last week as markets digested a firmer-than-expected inflation report in the US. The dollar firmed to a year-to-date high as a result, while gold reached a fresh all-time high. In Europe, the European Central Bank opened the door to a rate cut in June, while the UK economy recorded an expansion in February.

- US CPI data for March surprised to the upside when released on Wednesday. The annual headline inflation rate increased to 3.5% while the annual core inflation rate remained unchanged at 3.8%. As a result, the market now expects the Fed will deliver less than 50 bps of cuts this year. The first full cut is now not priced until the September meeting, while the ten-year yield rose by 11bps.
- The ECB kept rates on hold at its meeting on Thursday, however, they indicated that a cut in June was a possibility. Indeed, a minority of governing council members had argued for an immediate cut. While they await further evidence that inflation will return to target, moderating wage growth and downside risks to growth are opening the door to cuts.
- A divergence in the markets pricing of likely Fed and ECB actions saw the dollar elevated to a year-to-date high. Typically, a firmer dollar and higher real yields are headwinds for gold. However, last week gold rose by nearly 4% and set a new all-time high, aided by various geopolitical developments.
- The release of the UK's monthly GDP statistics indicated that the economy grew by 0.1% in February. This follows on from an upwardly-revised figure of 0.3% in January. It, therefore, seems increasingly likely that a Q1 expansion in GDP will signal the end of the technical recession at the end of 2023.

MARKET PERFORMANCE

As of April 14, 2024 • Local Currency • Percent (%)

| Equities | Last Week | This Month | This Year |
|--------------------------|-----------|------------|-----------|
| Global | -0.9 | -1.8 | 7.5 |
| Developed Markets | -1.1 | -2.1 | 7.8 |
| United States | -1.5 | -2.5 | 7.6 |
| Euro Area | -0.9 | -2.1 | 8.0 |
| United Kingdom | 1.3 | 0.8 | 4.9 |
| Japan | 2.0 | -0.5 | 18.5 |
| Emerging Markets | 0.3 | 0.6 | 5.1 |
| Fixed Income | | | |
| US Aggregate | -0.7 | -1.8 | -2.5 |
| US Treasuries | -0.6 | -1.7 | -2.6 |
| US Corporate IG | -0.7 | -1.8 | -2.2 |
| US Corporate HY | -0.6 | -1.1 | 0.4 |
| Real Assets | | | |
| Global Equity REITs | -2.5 | -5.4 | -6.3 |
| Global Natural Resources | 0.9 | 4.6 | 10.7 |
| Gold Bullion | 3.9 | 9.0 | 16.8 |
| Currencies | | | |
| EUR/USD | -1.7 | -1.6 | -3.8 |
| GBP/USD | -1.4 | -1.6 | -2.5 |
| USD/JPY | 0.9 | 1.1 | 8.5 |