



# Weekly Investment Update

14<sup>th</sup> June 2024

## News Headlines

**FOMC Rate Decision** – On Wednesday, the Federal Open Market Committee (FOMC) decided to maintain the federal funds rate in the U.S. at its current range of 5.25% to 5.50%. Following a two-day session in Washington, policymakers unveiled updated economic forecasts, projecting a single rate cut in 2024, down from the three previously anticipated. The Committee also emphasised that it would not consider reducing the target range for the key interest rate until there is greater confidence that inflation is moving toward 2%. The economic outlook remains uncertain, and the FOMC will continue to monitor a wide range of economic indicators before making any decisions on cutting rates.

**US CPI Inflation** – Also on Wednesday, the U.S. Bureau of Labor Statistics released the Consumer Price Index (CPI) data for May, indicating signs of cooling inflation. The CPI showed no change from April 2024 on a seasonally adjusted basis. However, the annual inflation rate for all items was 3.3%, slightly down from April's 3.4%. Key factors in this shift included a 0.4% rise in the shelter index and a 0.1% increase in the food index, counterbalanced by a 2.0% drop in the energy index, primarily due to a 3.6% reduction in gasoline prices. While the May CPI data shows some moderation in inflation, it is not yet sufficient for the Federal Reserve to consider rate cuts.

## Market Summary

**Global Equities** – The global equity market experienced significant fluctuations across all major indices this week. The US S&P 500 index saw a gain of 1.64% as of Thursday's close, reaching a new record high. This gain was largely fuelled by strong performances in the technology sector.

In contrast, European equities experienced a decline due to a combination of political and economic factors. A primary reason is the political uncertainty in France, where President Emmanuel Macron called for a snap election following significant political setbacks. This has led to a drop in French stocks, significantly impacting the overall European market. Political turmoil in Europe also affected UK equities, along with uncertainty regarding the Bank of England's interest rate decision, with the FTSE 100 index down just under 1% for the week as of Thursday's close.

In Asia, the Hong Kong Hang Seng index experienced a decline, closing down 1.03%. Meanwhile, Indian equities continued to rebound following a recent period of volatility triggered by the national elections.

**Commodities** – This week saw positive movements across major commodities, with notable increases in the energy sector. The Bloomberg Commodity Index posted a gain of 0.94%, driven primarily by strong performance in oil markets, with Brent Crude oil and WTI Crude Oil prices increasing by 3.93% and 4.09% respectively.

**Fixed Income** – US Treasury yields continued to decline this week (meaning prices rose), reaching a low not seen since March of this year. This persistent fall in U.S. bond yields reflects growing investor optimism that the Federal Reserve will cut interest rates later this year, following positive inflation data released on Wednesday. UK 10-year Gilt yields also saw a notable decline ahead of the Bank of England's rate decision next week.

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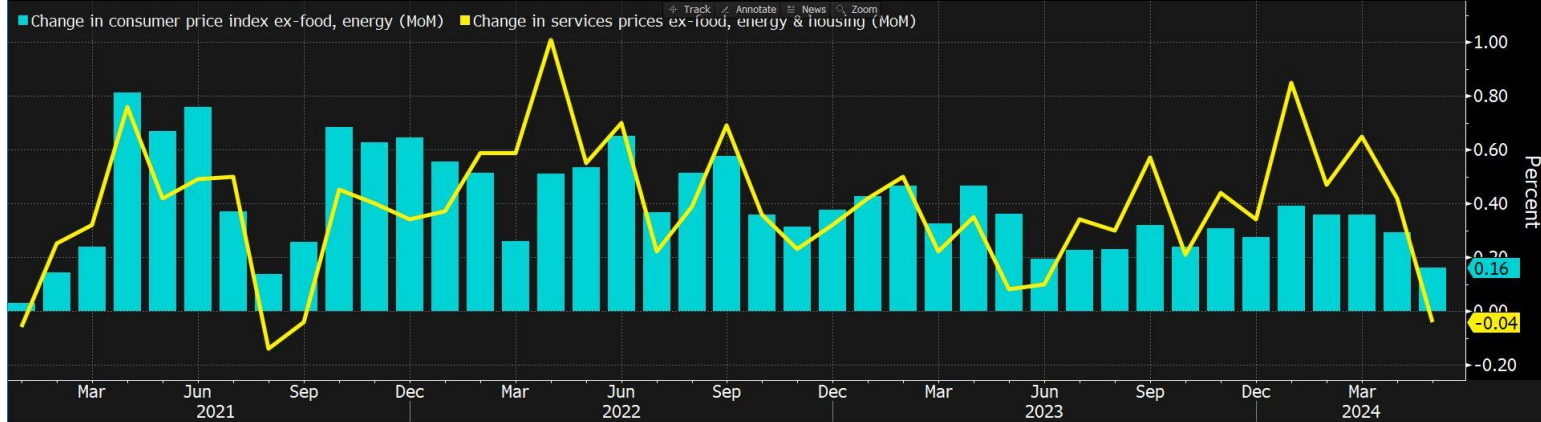


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## Chart of the Week

# Cooler Inflation a Step in Right Direction for Fed Supercore fell for first time in nearly 3 years



Source: Bloomberg – Cooler Inflation a Step in Right Direction for Federal Reserve

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
-	- Eurozone Inflation yy	- UK CPI Inflation yy	- UK BOE Rate Decision	-

## Market Performance – 14/06/2024

Global Market Indices	2024 YTD %*
FTSE 100	7.72%
S&P 500	14.65%
STOXX 600	10.43%
Nikkei 225	16.59%
Hang Seng	8.33%
Fixed Income	Yield %
UK 10 Yr Gilt	4.11%
US 10 Yr Treasury	4.25%
Commodities	2024 YTD %
Gold	11.21%
Currency	
GBP/USD	1.28 (14/06/2024)
GBP/EUR	1.19 (14/06/2024)

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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