

GLOBAL MARKET COMMENTARY



WEEK 14 = WEEK ENDING 5 APRIL 2024

	CLOSING LEVEL			CLOSING LEVEL			CLOSING LEVEL	
EQUITY	VALUE	WTD % CHANGE	BONDS	VALUE	WTD REAL ESTATE & % CHANGE	COMMODITIES	VALUE	WTD % CHANGE
MSCI World Index	3,402.36	▼	-1.03% Bloomberg Global Agg USD	458.40	▼	-0.69% Global Property	5,501.68	▼
S&P 500	5,204.34	▼	-0.95% Bloomberg Global High Yield USD	1551.66	▼	-0.17% Gold	2,329.75	▲
MSCI Eur xUK	204.10	▼	-1.32% Bloomberg Global Credit USD	274.65	▼	-0.78% Oil	86.91	▲
FTSE 100	7,911.16	▼	-0.52%			Commodities	601.91	▲

Highlights

- The MSCI World Index edged 1.0% lower.
- Developed equity markets stepped back from recent record highs as broadly positive economic data led to consideration of higher-for-longer interest rates.
- Escalating tensions in the Middle East weighed on investor risk sentiment towards the end of the week.



Market commentary

North America: The S&P 500 Index edged back from recent record highs with a 1.0% decline this week. Jobs data for March was broadly positive, underpinned by the strong non-farm payrolls figure (see chart). The unemployment rate also ticked lower (3.8%) despite an increase in the participation rate (62.7%). Elsewhere, the ISM Manufacturing purchasing managers' index (PMI) moved into expansionary territory in March at 50.3 – its best reading since September 2023. In Canada, the unemployment rate edged up more than anticipated in March to 6.1%. This was the highest rate since January 2022 and refocused investor attention on the timing of a Bank of Canada interest rate cut.

Continental Europe: The MSCI Europe ex UK Index ended its 10-week run of gains with a 1.3% decline this period. This fall came despite broadly positive economic data updates over the week. Eurozone inflation positively surprised in preliminary March data (see chart). Meanwhile, eurozone PMI data was revised higher in final March figures, with the composite figure reading 50.3 – its best since June. Country-level data also saw improvement, including Germany, France and Italy.

UK: The FTSE 100 index echoed other equity markets to edge 0.5% lower in the shortened trading week. Final PMI data for March saw manufacturing figures revised up into expansionary territory (50.3) whereas both composite (52.8) and services (53.1) measures were amended lower. Elsewhere, house prices fell for the first time in three months (-0.2% MoM, 1.6% YoY).

Japan: Japan's share market fell further over the week, with the TOPIX closing the period down 2.4%. Contributing to the decline was a series of mostly softer economic data, including downward revisions to March's au Jibun Bank Japan Services and Composite PMIs and a decline in February's index of coincident economic indicators. We also saw a (modest) dip in the latest Bank of Japan Tankan index of sentiment among large manufacturers. Partly offsetting these data points were increases in the latest au Jibun Bank Japan Manufacturing PMI and household spending numbers.

Asia Pacific: Asian share markets were flat for the week, with the MSCI Asia Pacific ex Japan Index unchanged. Stocks benefitted in part from an expansion in Chinese manufacturing activity and speculation major central banks may keep interest rates higher for longer following several solid economic readings. Limiting the advance were heightened tensions in the Middle East. Share markets rose in Hong Kong, China, Indonesia, Thailand and Taiwan but fell in South Korea. In Australia, the All Ordinaries Index lost 1.5% amid weakness across the country's major banks and miners, which together comprise a large part of the market.

Emerging Markets (EM): The MSCI EM Index edged 0.2% higher for its third-successive weekly gain. China recorded a positive week. The country's PMI data broadly improved in March. Both official figures improved, with the manufacturing measure moving above 50.0 for the first time since September 2023 (50.8). In similar vein, the Caixin composite PMI reached its highest since May 2023 (52.7). In India, the central bank retained its 6.5% interest rate as expected amid strong economic growth and gradually slowing inflation. Elsewhere, economic data disappointed in South Korea, including a slowdown in exports (3.1% YoY) and a softening manufacturing PMI (49.8) in March. Manufacturing PMIs also weakened in Brazil (53.6) and South Africa (49.2).

Fixed Income: The Bloomberg Global Aggregate index slipped 0.7% in a week where government bond yields increased. In the US, healthy jobs data and the improved ISM PMI demonstrated a healthy domestic economy, with investors considering whether the US Federal Reserve will cut interest rates against this backdrop. The yield on 10-year US Treasuries increased 20 basis points (bps) to 4.40%. In the eurozone, investors remained expectant of an interest rate cut by the European Central Bank (ECB) following a slowdown in inflation and comments revealed in March's rate-setting meeting minutes. These minutes detailed that "the case for considering rate cuts was strengthening". The yield on German 10-year bunds increased 10 bps to 2.40%. In the UK, the benchmark 10-year UK gilt yield increased 14 bps to

4.07%. In credit markets, global high yield outperformed the wider global credit market but still recorded a negative return for the week, returning some of its positive year-to-date performance.

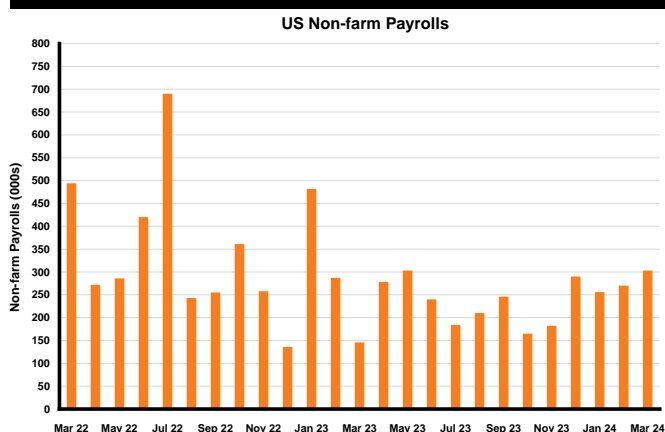
Commodities: Commodity prices enjoyed consecutive daily gains to end the week 3.3% higher, underpinned by Middle East geopolitical tensions. Oil recorded its fourth-successive weekly increase with a 4.5% return, to end at its highest price since June 2022. Gold gained 4.5% while copper surged 5.2%.



Charts of the week

US Non-farm Payrolls Strong

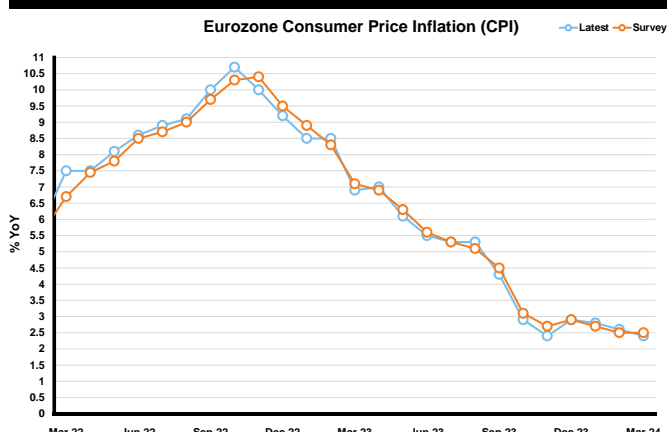
Headline non-farm payrolls recorded their best month since May 2023 with an expectation-beating 303,000 reading in March. Increased jobs within the health care and government sectors underpinned gains.



Source: Bloomberg as at 05/04/24

Eurozone Inflation Postively Surprises

Eurozone inflation declined to its lowest rate since November 2023 at 2.4% YoY in the preliminary March figures. This improved investor hopes of a possible interest rate cut in June as inflation approaches the ECB's 2.0% target level.



Source: Bloomberg as at 05/04/24

Market Data – Base Currencies

	Value	WTD	MTD	YTD	12M
EQUITY	Fri, 05-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
MSCI World Index	3,402.36	-1.03%	-1.03%	7.36%	22.21%
S&P 500	5,204.34	-0.95%	-0.95%	9.11%	27.23%
Russell 1000	2,853.33	-0.99%	-0.99%	8.82%	27.47%
FTSE 100	7,911.16	-0.52%	-0.52%	2.30%	3.24%
MSCI Europe xUK	204.10	-1.32%	-1.32%	6.37%	12.23%
DAX	18,175.04	-1.72%	-1.72%	8.50%	17.11%
Topix	2,702.62	-2.38%	-2.38%	14.21%	36.23%
MSCI APAC xJP	537.07	-0.04%	-0.04%	1.55%	2.59%
Hang Seng Index	16,723.92	1.10%	1.10%	-1.90%	-17.51%
MSCI Emerging	1,045.71	0.24%	0.24%	2.15%	5.86%
Australia All Ordinaries	8,026.04	-1.57%	-1.57%	2.51%	7.96%
S&P/TSX Composite Index	22,264.38	0.44%	0.44%	6.23%	10.44%
BONDS (10YR, Yield in %)	5-Apr-24	29-Mar-24	31-Mar-24	31-Dec-23	5-Apr-23
US	4.40	4.20	4.20	3.88	3.31
UK	4.07	3.93	3.93	3.54	3.43
Germany	2.40	2.30	2.30	2.02	2.18
Japan	0.79	0.73	0.73	0.61	0.48
FIXED INCOME	5-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Bloomberg Global Agg USD	458.40	-0.69%	-0.69%	-2.76%	-1.20%
Bloomberg Global Agg Hedged USD	557.43	-0.68%	-0.68%	-0.66%	2.72%
Bloomberg Global High Yield USD	1,551.66	-0.17%	-0.17%	1.95%	12.59%
Bloomberg Global Agg Credit USD	274.65	-0.78%	-0.78%	-0.72%	3.78%
Bloomberg Global Agg Corporate USD	268.25	-0.79%	-0.79%	-1.55%	3.15%
Bloomberg US Agg TR USD	2,122.50	-1.06%	-1.06%	-1.83%	-0.53%
Bloomberg US Corp High Yield USD	2,504.17	-0.49%	-0.49%	0.98%	10.56%
Bloomberg European Agg EUR	235.46	-0.53%	-0.53%	-0.86%	3.20%
Bloomberg European Agg Corp EUR	247.18	-0.11%	-0.11%	0.36%	5.80%
Bloomberg Pan European High Yield EUR	446.72	-0.02%	-0.02%	1.79%	11.43%
COMMODITIES	5-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Global Property	5,501.68	-2.80%	-2.80%	-3.81%	6.20%
Gold	2,329.75	4.48%	4.48%	12.93%	15.29%
West Texas Intermediate Oil	86.91	4.50%	4.50%	20.49%	17.24%
Commodities	601.91	3.34%	3.34%	12.37%	1.99%
ECONOMIC & MARKET INDICATORS	5-Apr-24	29-Mar-24	31-Mar-24	31-Dec-23	5-Apr-23
ICE Libor USD 3M	5.56%	5.56%	5.56%	5.59%	5.21%
ICE Libor GBP 3M	5.30%	5.30%	5.30%	5.32%	4.44%
ICE Libor EUR 3M	-0.58%	-0.58%	-0.58%	-0.58%	-0.58%
Fed Policy Rate	5.50%	5.50%	5.50%	5.50%	5.00%
BOE Policy Rate	5.25%	5.25%	5.25%	5.25%	4.25%
ECB Policy Rates	4.50%	4.50%	4.50%	4.50%	3.50%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 5th April 2024. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 5th April 2024. Generic Government Bonds, 10Y yield in % shown. Fixed Income indices in USD, Total Return, and Hedged ICE Libor and policy rates in percent. Currently data shows spot exchange rates. Global Property shows FTSE EPRA/NA REIT Dev TR USD. Gold in \$/Oz. Oil WTI \$. Commodities show S&P GS Commodity Index, USD.

Equity Indices Fundamentals

Index	VALUE	EARNINGS PER SHARE (EPS)			PRICE-TO-EARNINGS (P/E)		RETURN-ON-EQUITY (ROE)	
	05.Apr.24	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
MSCI World	3,402.36	171.55	178.45	8.23%	19.83	18.22	14.40%	11.20%
S&P 500	5,204.34	223.19	240.02	11.44%	23.32	19.27	18.08%	14.70%
Russell 1000	2,853.33	122.75	131.51	10.46%	23.25	19.69	16.93%	13.88%
FTSE 100	7,911.16	692.25	683.46	1.21%	11.43	14.62	11.36%	8.94%
MSCI Europe xUK	204.10	13.93	13.62	29.57%	14.66	16.75	12.70%	8.57%
DAX	18,175.04	1,397.58	1,396.21	7.03%	13.00	14.43	10.19%	9.45%
Topix	2,702.62	163.86	183.38	5.11%	16.49	17.52	8.87%	7.78%
MSCI APAC xJP	537.07	33.42	38.62	24.57%	16.07	15.17	9.31%	10.92%
Hang Seng	16,723.92	1,896.54	2,000.84	-47.20%	8.82	11.63	10.03%	11.01%
MSCI Emerging Markets	1,045.71	70.71	82.11	30.93%	14.79	13.51	10.52%	11.24%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 5th April 2024. Returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD). Trailing 12-month Earnings per share (EPS): Market convention index earnings calculated by summing up the equity member EPS contributions for the last 12 months multiplied by the #shares and then divided by the index divisor sum. Expected current year EPS: index general estimated earnings for the current fiscal year based on the best estimates for each member. EPS LT growth rate: The estimated index long term growth rate of EPS is a weighted average of the underlying members estimated long term growth forecasts during the next business cycle, normally 3-5 years, computed by summing all members' growth EPS forecasts multiplied by their respective index weight. and implementation. Price-to-Earnings (P/E): Index estimated P/E Current Year, calculated as Last Price divided by estimated earnings full one year. Return-on-Equity: Index estimated measure for constituents' profitability revealing how much profit a company generates with the money shareholders have invested, in percentage.

QUESTIONS?

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