

GLOBAL MARKET COMMENTARY



WEEK 16 = WEEK ENDING 19 APRIL 2024

EQUITY	CLOSING LEVEL VALUE	WTD % CHANGE	BONDS	CLOSING LEVEL VALUE	WTD REAL ESTATE & % CHANGE	COMMODITIES	CLOSING LEVEL VALUE	WTD % CHANGE
MSCI World Index	3,255.62 ▼	-2.85%	Bloomberg Global Agg USD	451.33 ▼	-0.55%	Global Property	5,250.62 ▼	-2.90%
S&P 500	4,967.23 ▼	-3.05%	Bloomberg Global High Yield USD	1532.11 ▼	-0.40%	Gold	2,391.93 ▲	2.03%
MSCI Eur xUK	200.63 ▼	-1.04%	Bloomberg Global Credit USD	271.85 ▼	-0.65%	Oil	83.14 ▼	-2.94%
FTSE 100	7,895.85 ▼	-1.25%				Commodities	590.27 ▼	-1.35%

Highlights

- The MSCI World Index fell 2.9%, the third consecutive week of losses and the biggest weekly fall since March 2023.
- Market sentiment was weighed down by the re-emergence of the higher-for-longer interest rate narrative and the continuing conflict in the Middle East.
- In the UK, although annual inflation fell to its lowest level in over two years in March, it was higher than market expectations.



Market commentary

North America: The S&P 500 Index continued to weaken, falling 3.1% in its biggest weekly loss since March 2023. Information technology was the worst-performing sector, pulled down by mega-cap tech stocks. Notably, ASML Holdings fell 6.0% after missing revenue expectations and NVIDIA plunged 10.0% on Friday as investors began to price in slower earnings growth. Defensives fared better, with utilities the best performer. In economic news, retail sales rose 0.7% MoM in March, slowing from the previous month's upwardly revised 0.9% increase but markedly above forecasts of a 0.4% rise (see chart), adding to concerns that the Federal Reserve may delay any cut in interest rates, with some expecting a cut only in 2025. Elsewhere, industrial production increased 0.4% in March, in line with expectations and the previous month's revised figure. Initial jobless claims for the week ending 13th April matched the previous week, at 212,000 versus the 215,000 forecast. In Canada, inflation ticked up YoY to 2.9% in March versus February's 2.8%; this was in line with forecasts. On a monthly basis, inflation rose 0.6% versus the previous month's 0.3% increase but a touch below the 0.7% rise expected. Elsewhere, manufacturing sales matched forecasts, up 0.7% in February improving from January's 0.2% rise.

Continental Europe: The MSCI Europe ex UK Index fell 1.0%. In economic news, eurozone inflation was confirmed at

2.4% YoY in March after February's upwardly revised 2.6%. On a monthly basis, inflation was unchanged at 0.8%. Industrial production in the region increased by 0.8% MoM in February, matching forecasts and recovering from the previous month's revised 3.0% decline. In Germany, producer price inflation (PPI) was 0.2% MoM in March, above the 0.1% expected and February's 0.4% decline. In other news, the ZEW Economic Sentiment Index for Germany jumped to 42.9 in April from 31.7 in March, much better than market consensus of 35.5.

UK: The FTSE 100 index fell 1.3%, wiping out the gains from the previous week. In economic news, inflation was 3.2% YoY (0.6% MoM) in March, easing from February's 3.4% (0.6%) but higher than market expectations (see chart). Core inflation in the country remained unchanged from February's reading of 0.6% MoM, above forecasts of 0.3%. However, prices eased to 4.2% YoY from 4.5%, although were still above market forecasts of 4.1%. Services inflation fell slightly to 6.0% YoY from 6.1% but remained stubbornly high. Unemployment rose to 4.2% from December 2023 to February 2024, up from the previous three-month figure of 3.9% and market expectations of 4.0%. Meanwhile, manufacturing showed signs of strength, rising 1.2% MoM in February (2.7% YoY). This was better than forecasts of a 0.1% increase (2.1%) and January's 0.2% decline (+1.5%). Industrial production showed a similar trend, beating forecasts and improving from the previous month. However, retail sales were flat MoM compared to a modest 0.3% increase expected by the market in a month when Easter typically provides a boost to sales.

Japan: Japan's share market fell sharply over the week, with the TOPIX closing the period down 4.8%. Contributing to the decline were increasing expectations US interest

rates will remain higher for longer and heightened geopolitical risks after Iran carried out a series of drone attacks on Israeli military targets. On the data front, annual inflation edged slightly higher, with consumer prices rising 2.7% in the 12 months to 31 March, in line with market expectations. Core inflation, which excludes fresh food but includes fuel costs, rose 2.6% for the same period. This was slightly lower than the 2.7% outcome most analysts had anticipated.

Asia Pacific: Asian share markets extended their decline over the week, with the MSCI Asia Pacific ex Japan Index closing the period down 3.7%. Stocks fell as investors positioned for fewer US rate cuts this year and as tensions in the Middle East escalated following Iranian drone strikes on Israel. Limiting the decline was better-than-expected growth in China; the world's second-biggest economy expanding 5.3% in the 12 months to 31 March. This easily beat market expectations of 4.6% growth. Share markets fell in Taiwan, Thailand, South Korea, Hong Kong and Indonesia but rose in China. In Australia, the All Ordinaries Index lost 2.9% amid a modest rise in the unemployment rate and weakness across the country's 'Big Four' banks, which together comprise a large part of the index.

Emerging Markets (EM): The MSCI EM Index recorded its worst week since June 2023 with a -3.6% return. The information technology sector led the decline, with Taiwan among the weakest performers as TSMC, Nanya Technology and Silergy sold off. Softer 2024 guidance from TSMC and the slide for NVIDIA weighed on investor sentiment. China equities benefitted from the positive first-quarter GDP growth figures, which were boosted by public investment. Other economic data for March was mixed, including slowdowns in industrial production (4.5% YoY) and retail sales (3.1% YoY) growth. Elsewhere, in South Africa, inflation came in better-than-expected at 5.3% YoY.

Fixed Income: The Bloomberg Global Aggregate index fell 0.6% over the week. Yields rose early in the week amid a US Treasury selloff following reports of strong US retail sales and speculation that interest rates would remain elevated for longer than previously assumed. The yield on benchmark 10-year US Treasuries reached the highest intraday level since early November before retreating. Over the week the yield on 10-year Treasuries rose 10 basis points (bps) to 4.62%. Issuance in the investment grade bond market was light whilst meeting expectations. However, resurfacing of the higher-for-longer rate narrative and seemingly escalating geopolitical conflict in the Middle East weighed on high yield credit markets. In the eurozone, government bond yields climbed. European Central Bank policymakers indicated that June was still the likely timing of an initial interest rate cut. The yield on German 10-year bunds rose 14 bps to 2.50% over the week. In the UK, bond yields rose. Investors pushed out their assumptions of a rate cut to either September or November following a smaller-than-expected drop in inflation. This was despite optimistic comments from the Bank of England governor. The benchmark 10-year UK gilt yield increased nine bps to 4.23%. Credit markets continued to weaken. The Bloomberg Global Credit index fell 0.7% while the Bloomberg Global High Yield index was down 0.4%.

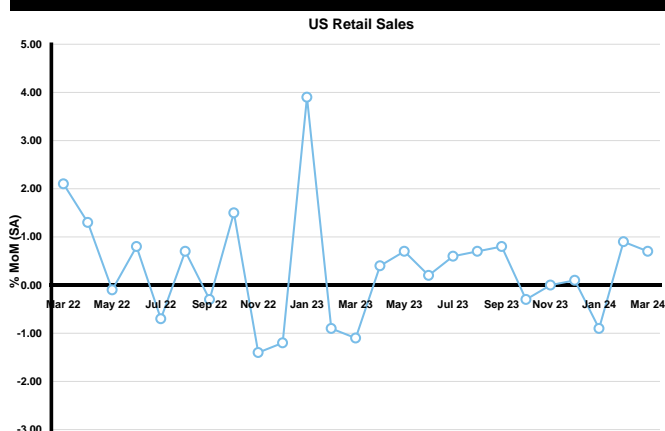
Commodities: Commodity prices were mixed. Oil fell for a second straight week, recording a 2.9% decline. The uncertain economic outlook and prospect of higher-for-longer interest rates weighed. In addition, US crude inventories were reported to be double analysts' estimates. Gold rose for the fifth consecutive week, rising 2.0% to record a record high. Copper also continued to strengthen, up 4.4% over the week on concerns over low supply.



Charts of the week

US Retail Sales Well Above Forecasts

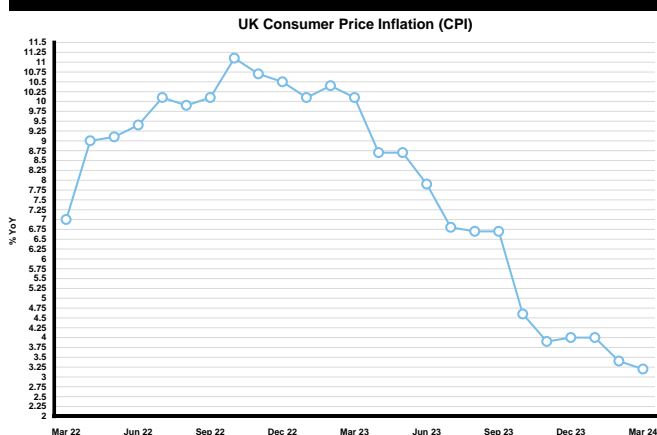
US retail sales increased by 0.7% MoM in March, slowing from the previous month's upwardly revised 0.9% rise but well above forecasts of a 0.4% increase.



Source: Bloomberg as at 19/04/24

UK Inflation Weakens But Disappoints

UK inflation was 3.2% YoY in March, easing from February's 3.4% but higher than market expectations of a 3.1% uptick. Core inflation was also higher than expected.



Source: Bloomberg as at 19/04/24

Market Data – Base Currencies

	Value	WTD	MTD	YTD	12M
EQUITY	Fri, 19-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
MSCI World Index	3,255.62	-2.85%	-5.30%	2.73%	14.90%
S&P 500	4,967.23	-3.05%	-5.46%	4.14%	19.56%
Russell 1000	2,721.15	-3.05%	-5.58%	3.78%	19.62%
FTSE 100	7,895.85	-1.25%	-0.71%	2.10%	-0.04%
MSCI Europe xUK	200.63	-1.04%	-3.00%	4.56%	7.66%
DAX	17,737.36	-1.08%	-4.08%	5.88%	11.59%
Topix	2,626.32	-4.83%	-5.14%	10.98%	28.72%
MSCI APAC xJP	514.71	-3.70%	-4.20%	-2.68%	-1.76%
Hang Seng Index	16,224.14	-2.98%	-1.92%	-4.83%	-20.34%
MSCI Emerging	1,004.17	-3.60%	-3.74%	-1.91%	1.39%
Australia All Ordinaries	7,817.36	-2.89%	-4.13%	-0.15%	3.39%
S&P/TSX Composite Index	21,807.38	-0.42%	-1.62%	4.05%	5.45%
BONDS (10YR, Yield in %)	19-Apr-24	12-Apr-24	31-Mar-24	31-Dec-23	19-Apr-23
US	4.62	4.52	4.20	3.88	3.59
UK	4.23	4.14	3.93	3.54	3.86
Germany	2.50	2.36	2.30	2.02	2.52
Japan	0.85	0.86	0.73	0.61	0.48
FIXED INCOME	19-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Bloomberg Global Agg USD	451.33	-0.55%	-2.22%	-4.26%	-1.26%
Bloomberg Global Agg Hedged USD	553.18	-0.46%	-1.43%	-1.42%	3.14%
Bloomberg Global High Yield USD	1,532.11	-0.40%	-1.43%	0.66%	10.97%
Bloomberg Global Agg Credit USD	271.85	-0.65%	-1.79%	-1.74%	3.94%
Bloomberg Global Agg Corporate USD	264.11	-0.61%	-2.33%	-3.07%	2.64%
Bloomberg US Agg TR USD	2,094.67	-0.61%	-2.36%	-3.11%	-0.24%
Bloomberg US Corp High Yield USD	2,475.23	-0.58%	-1.64%	-0.19%	8.75%
Bloomberg European Agg EUR	234.15	-0.91%	-1.08%	-1.41%	4.48%
Bloomberg European Agg Corp EUR	245.51	-0.81%	-0.78%	-0.32%	6.04%
Bloomberg Pan European High Yield EUR	445.35	-0.32%	-0.33%	1.48%	10.64%
COMMODITIES	19-Apr-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Global Property	5,250.62	-2.90%	-7.23%	-8.20%	0.01%
Gold	2,391.93	2.03%	7.27%	15.95%	19.90%
West Texas Intermediate Oil	83.14	-2.94%	-0.04%	15.26%	12.82%
Commodities	590.27	-1.35%	1.34%	10.20%	1.13%
ECONOMIC & MARKET INDICATORS	19-Apr-24	12-Apr-24	31-Mar-24	31-Dec-23	19-Apr-23
ICE Libor USD 3M	5.59%	5.59%	5.56%	5.59%	5.26%
ICE Libor GBP 3M	5.30%	5.30%	5.30%	5.32%	4.60%
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 19th April 2024. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 19th 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)	
	19.Apr.24	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
MSCI World	3,255.62	171.54	177.58	8.21%	18.98	18.22	14.39%	11.20%
S&P 500	4,967.23	223.14	239.72	10.76%	22.26	19.27	18.08%	14.70%
Russell 1000	2,721.15	122.72	131.30	9.93%	22.17	19.73	16.93%	13.88%
FTSE 100	7,895.85	692.92	691.50	1.22%	11.40	14.62	11.35%	8.94%
MSCI Europe xUK	200.63	13.95	13.73	44.75%	14.38	16.70	12.67%	8.57%
DAX	17,737.36	1,397.98	1,398.78	7.80%	12.69	14.43	10.19%	9.45%
Topix	2,626.32	163.86	183.97	9.06%	16.03	17.53	8.87%	7.78%
MSCI APAC xJP	514.71	33.67	38.35	11.79%	15.29	15.05	9.30%	10.92%
Hang Seng	16,224.14	1,903.32	2,012.87	18.86%	8.52	11.63	10.03%	11.01%
MSCI Emerging Markets	1,004.17	71.23	81.21	11.52%	14.10	13.45	10.51%	11.24%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 19th 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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