

GLOBAL MARKET COMMENTARY



WEEK 11 = WEEK ENDING 15 MARCH 2024

	CLOSING LEVEL		WTD		CLOSING LEVEL		WTD REAL ESTATE &		CLOSING LEVEL		WTD
EQUITY	VALUE		% CHANGE	BONDS	VALUE		% CHANGE	COMMODITIES	VALUE		% CHANGE
MSCI World Index	3,363.03	▼	-0.51%	Bloomberg Global Agg USD	460.18	▼	-1.29%	Global Property	5,483.33	▼	-2.33%
S&P 500	5,117.09	▼	-0.13%	Bloomberg Global High Yield USD	1542.46	▼	-0.34%	Gold	2,155.90	▼	-1.06%
MSCI Eur xUK	204.64	▲	0.26%	Bloomberg Global Credit USD	274.26	▼	-0.77%	Oil	81.04	▲	3.88%
FTSE 100	7,727.42	▲	0.88%					Commodities	575.34	▲	2.84%

Highlights

- The MSCI World Index fell 0.5% over the week, ending a nine-week run of gains.
- In the US, headline inflation rose to 3.2% YoY in February, above the 3.1% expected, mainly due to price rises in services. However, core inflation was down slightly, to 3.8% from 3.9%.
- The Federal Reserve's (Fed) next rate-setting meeting is on 19th March, while the Bank of England's (BoE) next interest rate decision is due 21st March.



Market commentary

North America: The S&P 500 Index reached a new all-time high earlier in the week before ending 0.1% lower, in negative territory for the second consecutive week. Energy was the best-performing sector, boosted by higher oil prices. Real estate was the worst performer. In economic news, consumer price inflation (CPI) unexpectedly rose to 3.2% YoY in February versus January's 3.1% increase, which was the market expectation (see chart). On a MoM basis, inflation rose to 0.4% from 0.3%. Core inflation edged down to 3.8% YoY (0.4% MoM) from 3.9% (0.4%), albeit above the 3.7% (0.3%) forecast. Meanwhile, retail sales rose 0.6% MoM in February, recovering from a revised 1.1% decline in January, but was below expectations of a 0.8% rise, a possible sign that consumers may be starting to rein in spending. The University of Michigan consumer sentiment index was the lowest in three months for March according to a preliminary reading, at 76.5, down from February's 76.9, and well below the 77.1 expectation, indicating that consumer sentiment remains subdued (see chart). Elsewhere, February's producer price index (PPI) rose 0.6%, double the 0.3% estimate, and was the largest monthly advance since August. Industrial production increased by 0.1% MoM in February, recovering from a downwardly revised 0.5% decline in January. The market expectation was for no growth. In Canada, manufacturing sales rose 0.2% in January, less than the 0.4% rise expected but recovering from a downwardly revised 1.1% fall in December.

Continental Europe: The MSCI Europe ex UK Index rose by 0.3%, the eighth straight week of gains, to hit another record high. Speculation that the European Central Bank (ECB) would cut rates in June helped to buoy investor sentiment. In economic news, eurozone industrial production declined 3.2% MoM in January following an increase of 1.6% in the previous month. The reading was much worse than forecasts of -1.8%. Germany's inflation for February was confirmed at 0.4% MoM and 2.5% YoY in a final reading. France's inflation for February was revised up in a final reading to 0.9% MoM from 0.8%; on a YoY basis it was 3.0%, up from the initial estimate of 2.9%.

UK: The FTSE 100 index rose 0.9% following three weeks of losses. Fresh data revealed the economy grew 0.2% in January following a 0.1% contraction in December, matching expectations. This was largely driven by a rise in services sector activity. Industrial production in January fell 0.2% MoM (0.5% YoY) following a 0.6% (0.6%) increase in the previous month, missing market expectations of a flat reading (0.8%). Manufacturing production was flat in January MoM, in line with forecasts but declining from December's 0.8% increase. The 2.0% YoY rise was also in line with expectations. Unemployment for the three months to January was 3.9% versus the previous period's reading and market expectations of 3.8%. Elsewhere, wage growth continued to slow, supporting the BoE's view that inflation pressures have weakened. Average wages excluding bonuses grew 6.1% in the three months to January, down from 6.2%, which was also the forecast. Including bonuses, earnings were up 5.6% versus the previous period's 5.8% rise and the 5.7% expectation.

Japan: Japan's share market was lower for the week, with the TOPIX closing the period down 2.1% amid increasing speculation the country's central bank could raise interest rates as soon as this

week. Meanwhile, Japan's economy narrowly avoided a technical recession, with final gross domestic product data for the December quarter printing at 0.1%. This follows a flash reading of -0.1% and a 0.8% contraction in the preceding quarter.

Asia Pacific: Asian share markets fell over the week, with the MSCI Asia Pacific ex Japan Index closing the period down 0.7%. Contributing to the decline were expectations the US Federal Reserve will keep interest rates higher for longer following stickier-than-expected inflation data. Meanwhile, China's consumer price index rose for the first time in four months in February thanks to strong spending during the Lunar New Year holiday. Stocks fell in Indonesia, Taiwan, South Korea and Thailand but rose in China and Hong Kong. In Australia, the All Ordinaries Index lost 2.3% as investors dialled back their rate cut expectations. The market was also impacted by sharp declines across the country's major banks and miners, which together comprise a large part of the index.

Emerging Markets (EM): The MSCI EM Index was 0.2% lower over the week. In Brazil, the equity market was volatile following news the previous week that Petrobras, the state-owned oil company, would not pay extraordinary dividends. The country's inflation rate was 4.5% YoY in February, just above market estimates. Stocks fell in India on concerns about the interest rate path and China's economy, where prices for new homes fell significantly, highlighting the persistent weakness in the economy. The country is India's top trading partner. In Mexico, inflation fell to 4.4% in February from a seven-month high of 4.9% in January, in line with forecasts. In South Africa, manufacturing production posted a 2.6% YoY increase in January after a 1.3% rise in the previous month. This was well ahead of the 0.7% increase expected. Elsewhere, Turkey's industrial production was up a

modest 1.1% YoY in January after a 2.3% rise in December, the weakest growth since June 2023.

Fixed Income: The Bloomberg Global Aggregate index ended the week 1.3% lower. US Treasuries sold off following above-forecast PPI data that dented optimism over imminent rate cuts. Yields on 10-year Treasuries climbed to the highest level since the beginning of the month before ending the week 24 basis points (bps) higher at 4.31%. In Europe, the yield spread between 10-year bonds in Germany and Italy reached its lowest since November 2021 at one point, reflecting growing confidence in the Italian government's handling of the economy and the prospect of interest rate cuts. Market expectations are for an initial rate cut by the ECB in June. The yield on German 10-year bunds rose 17 bps over the week to 2.44%. In the UK, the benchmark 10-year UK gilt yield broke through the 4.0% threshold, rising 12 bps to 4.10% over the week. The BoE is widely expected to keep rates unchanged at its meeting on 21st March. The Bloomberg Global Credit index was 0.8% lower over the week. The Bloomberg Global High Yield index was also lower, down 0.3%.

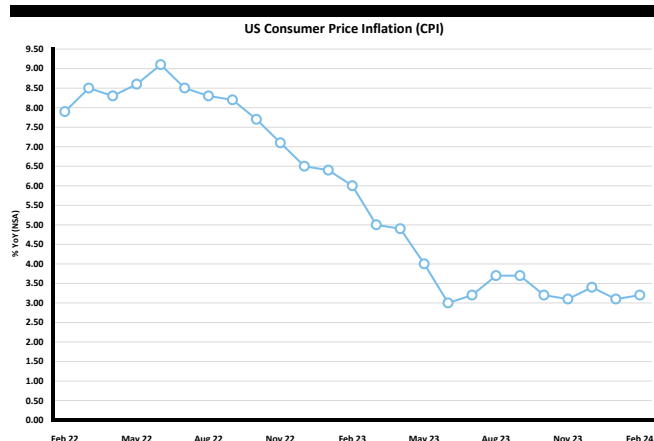
Commodities: Commodity prices were mixed. Oil rose by 3.9%, recovering the previous week's losses. An unexpected fall in US crude inventories implied strong demand in the country. In addition, the International Energy Agency cut its forecast for oil supply growth on the assumption that OPEC+ will extend its production cuts for the entire year. Gold gave up some of its recent gains, falling 1.1% while copper climbed 5.7%.



Charts of the week

US Inflation Unexpectedly Increased in February

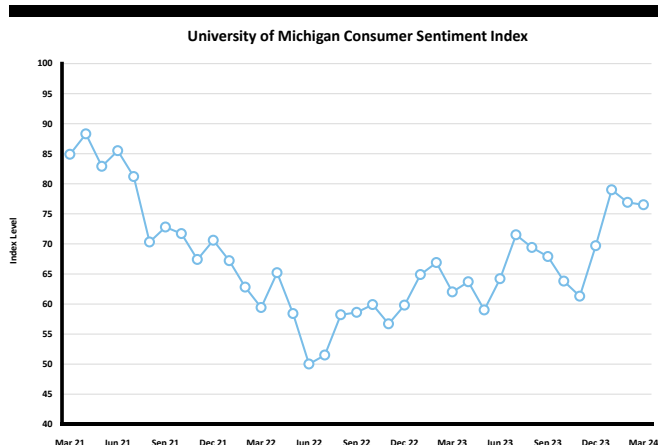
Headline inflation rose to 3.2% YoY in February, from January's 3.1% increase. However, core inflation edged down to 3.8% from 3.9%.



Source: Bloomberg as at 15/03/24

US Consumer Confidence Weakens

The University of Michigan's measure of consumer confidence fell to the lowest level in three months in March, to 76.5 in an initial reading, well below the 77.1 expectation.



Source: Bloomberg as at 15/03/24

Market Data – Base Currencies

	Value	WTD	MTD	YTD	12M
EQUITY	Fri, 15-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
MSCI World Index	3,363.03	-0.51%	0.77%	6.12%	27.46%
S&P 500	5,117.09	-0.13%	0.41%	7.28%	31.48%
Russell 1000	2,804.12	-0.21%	0.31%	6.94%	31.39%
FTSE 100	7,727.42	0.88%	1.28%	-0.08%	5.21%
MSCI Europe xUK	204.64	0.26%	2.29%	6.65%	18.00%
DAX	17,936.65	0.69%	1.46%	7.07%	21.73%
Topix	2,670.80	-2.05%	-0.18%	12.86%	36.26%
MSCI APAC xJP	533.30	-0.75%	1.54%	0.83%	5.96%
Hang Seng Index	16,720.89	2.25%	1.27%	-1.92%	-14.43%
MSCI Emerging	1,034.74	-0.23%	1.35%	1.07%	9.28%
Australia All Ordinaries	7,923.76	-2.27%	-0.45%	1.20%	9.10%
S&P/TSX Composite Index	21,849.15	0.51%	2.27%	4.25%	12.75%
BONDS (10YR, Yield in %)	15-Mar-24	8-Mar-24	29-Feb-24	31-Dec-23	15-Mar-23
US	4.31	4.07	4.25	3.88	3.45
UK	4.10	3.98	4.12	3.54	3.32
Germany	2.44	2.27	2.41	2.02	2.13
Japan	0.79	0.74	0.71	0.61	0.33
FIXED INCOME	15-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Bloomberg Global Agg USD	460.18	-1.29%	0.25%	-2.38%	1.24%
Bloomberg Global Agg Hedged USD	556.56	-0.86%	0.06%	-0.82%	3.46%
Bloomberg Global High Yield USD	1,542.46	-0.34%	0.74%	1.34%	14.79%
Bloomberg Global Agg Credit USD	274.26	-0.77%	0.28%	-0.86%	5.40%
Bloomberg Global Agg Corporate USD	268.59	-1.02%	0.49%	-1.43%	6.32%
Bloomberg US Agg TR USD	2,124.79	-1.23%	-0.04%	-1.72%	1.15%
Bloomberg US Corp High Yield USD	2,499.06	-0.24%	0.48%	0.77%	13.00%
Bloomberg European Agg EUR	234.89	-0.83%	0.31%	-1.10%	3.26%
Bloomberg European Agg Corp EUR	245.57	-0.41%	0.45%	-0.30%	5.94%
Bloomberg Pan European High Yield EUR	448.03	0.14%	0.69%	2.09%	12.52%
COMMODITIES	15-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Global Property	5,483.33	-2.33%	0.39%	-4.13%	6.26%
Gold	2,155.90	-1.06%	5.46%	4.50%	12.37%
West Texas Intermediate Oil	81.04	3.88%	3.55%	12.54%	23.22%
Commodities	575.34	2.84%	3.12%	7.41%	6.41%
ECONOMIC & MARKET INDICATORS	15-Mar-24	8-Mar-24	29-Feb-24	31-Dec-23	15-Mar-23
ICE Libor USD 3M	5.59%	5.58%	5.60%	5.59%	4.91%
ICE Libor GBP 3M	5.33%	5.33%	5.33%	5.32%	4.24%
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%	4.75%
BOE Policy Rate	5.25%	5.25%	5.25%	5.25%	4.00%
ECB Policy Rates	4.50%	4.50%	4.50%	4.50%	3.00%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 15th March 2024. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 15th March 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)	
	15.Mar.24	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
MSCI World	3,363.03	171.57	177.95	8.68%	19.60	18.22	14.42%	11.20%
S&P 500	5,117.09	223.16	240.20	10.20%	22.93	19.27	18.08%	14.70%
Russell 1000	2,804.12	122.71	131.40	9.53%	22.85	19.69	16.93%	13.88%
FTSE 100	7,727.42	694.28	683.07	1.12%	11.13	14.62	11.52%	8.94%
MSCI Europe xUK	204.64	13.92	13.64	41.59%	14.70	16.75	12.78%	8.57%
DAX	17,936.65	1,401.92	1,426.95	8.26%	12.79	14.43	10.23%	9.45%
Topix	2,670.80	163.86	171.55	5.24%	16.30	17.52	8.88%	7.78%
MSCI APAC xJP	533.30	32.87	38.73	-12.95%	16.22	15.17	9.93%	10.92%
Hang Seng	16,720.89	1,883.05	2,056.00	53.86%	8.88	11.61	10.84%	11.01%
MSCI Emerging Markets	1,034.74	70.20	82.41	14.58%	14.74	13.20	11.21%	11.24%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 15th March 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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