

GLOBAL MARKET COMMENTARY



WEEK 9 = WEEK ENDING 1 MARCH 2024

EQUITY	CLOSING LEVEL		WTD %		CLOSING LEVEL		WTD %		CLOSING LEVEL		WTD %
	VALUE		CHANGE	BONDS	VALUE		CHANGE	REAL ESTATE & COMMODITIES	VALUE		CHANGE
MSCI World Index	3,364.04	▲	0.90%	Bloomberg Global Agg USD	459.92	▲	0.26%	Global Property	5,508.30	▲	0.71%
S&P 500	5,137.08	▲	0.95%	Bloomberg Global High Yield USD	1534.53	▲	0.30%	Gold	2,082.92	▲	2.33%
MSCI Europe ex UK	201.21	▲	0.19%	Bloomberg Global Credit USD	274.24	▲	0.18%	Oil	79.97	▲	4.55%
FTSE 100	7,682.50	▼	-0.31%					Commodities	564.66	▲	2.49%

Highlights

- The MSCI World Index rose 0.9% to hit yet another all-time high, in the eighth consecutive week of gains.
- In the US, both the headline and core personal consumption expenditures (PCE) indices fell in January, matching expectations.
- Meanwhile, in Europe inflation fell less than expected in February, with headline inflation at 2.6%, down from 2.8%.



Market commentary

North America: The S&P 500 Index rose 1.0%, setting another new record. Real estate was the best-performing sector while health care lagged. In economic news, the personal consumption expenditures (PCE) index fell to 2.4% YoY in January, from December's 2.6%, in line with expectations. The MoM reading was 0.3%. Core PCE, the Federal Reserve's (Fed) preferred metric, also matched expectations, at 2.8% YoY (0.4% MoM) (see chart). The drop reinforced speculation that the Fed may cut interest rates as early as the second quarter. Elsewhere, new orders for manufactured durable goods plummeted 6.1% MoM in January, worse than the expected 5.0% fall and the biggest monthly drop since April 2020. The outcome was mainly due to a fall in transportation equipment orders. In a final reading, February's manufacturing purchasing managers' index (PMI) was 52.2, up from the initial 51.5 estimate. Also in a final February reading, the University of Michigan sentiment indicator was lower at 76.9 versus the 79.6 flash estimate. Notably, the ISM manufacturing index was 47.8 in February, versus January's 49.1, well below the 49.5 expected (see chart). Elsewhere, personal spending rose 0.2% in January, matching expectations while personal income rose 1.0%, beating the 0.4% rise forecast in the biggest increase in a year. In Canada, the economy grew 1.0% in the final quarter of 2023 (annualised), beating the 0.8% estimate, boosted by higher exports. This followed the 0.5% contraction in the third quarter. Elsewhere, the manufacturing PMI strengthened in February to 49.7 from January's 48.3.

Continental Europe: The MSCI Europe ex UK Index rose by 0.2%, the sixth straight week of gains and another all-time high. In economic news, euro area inflation fell to 2.6% YoY in February, from January's 2.8%, a smaller drop than forecast. Core inflation was 3.1%, down from 3.3%. German inflation was 2.7% YoY in February, down from January's 3.1%. Core inflation was unchanged at 3.4%. European Central Bank President Christine Lagarde said that price growth should continue to slow but cautioned that wage growth remained strong. The European Commission's economic sentiment indicator declined to 95.4 in February from 96.1 in January, below the consensus of 96.7. In other news, the GfK consumer climate indicator for Germany improved to -29.0 going into March from February's 29.6, in line with forecasts. Meanwhile, retail sales in the country fell 0.4% MoM following a decline of 0.5% in December, worse than forecasts of a 0.5% uptick.

UK: The FTSE 100 index was lower for a second straight week, down by 0.3%, in contrast to other western markets. In economic news, the manufacturing PMI for February was revised up to 47.5 from the flash reading of 47.1, the highest in 10 months, albeit still in contraction made worse by the shipping disruptions in the Red Sea, which is impacting production and supplies. Elsewhere, Bank of England data revealed net mortgage approvals were 55,200 in January, the highest since October 2022, beating forecasts of 52,000 and December's 51,500. In another sign the housing market may be strengthening, data from mortgage provider Nationwide showed house prices rose for the first time in more than a year in February, up 1.2% YoY, boosted by a fall in borrowing costs. This followed a 0.2% drop in January. Market expectations were for a 0.7% increase.

Japan: Japan's share market made further gains, with the TOPIX closing the period up 1.8%. Stocks benefitted from a strong lead from US stocks, where the benchmark S&P 500 Index and the tech-

heavy NASDAQ both hit record highs. Meanwhile, the latest inflation figures suggest the Bank of Japan (BoJ) is getting closer to ending its negative interest rate policy. Core inflation rose 2.0% in January, down on the 2.3% outcome we saw in December. A majority of BoJ watchers expect the Bank to raise interest rates by April. The last time the BoJ raised interest rates was back in 2007.

Asia Pacific: Asian share markets fell slightly over the week; the MSCI Asia Pacific ex Japan Index closing the period down 0.3% as stocks took a breather following five consecutive weeks of gains. Stocks fell in Thailand, South Korea and Hong Kong but rose in China, Taiwan and Indonesia. In Australia, the All Ordinaries Index climbed 1.4% amid encouraging inflation and retail sales data and good gains across the country's 'Big Four' banks.

Emerging Markets (EM): The MSCI EM Index fell 0.4% ending five consecutive weeks of gains. Shares rose in China and India, but fell in Brazil, Turkey, Mexico and South Africa. In China, manufacturing PMIs for February diverged with the Caixin PMI at 50.9, while the official PMI registered the fifth month of contraction, at 49.1 versus January's 49.2. The official services PMI showed strengthening services activity for the 14th consecutive month, at 51.4 from 50.7 in January. Elsewhere, India's stock market reached a record high with sentiment boosted by news the economy grew 8.4% YoY in the last quarter of 2023, beating forecasts. Turkey's manufacturing PMI was 50.2 in February, up from 49.2 in January, expanding after eight months of contraction. The country's economy grew 4.5% in 2023, the weakest growth since 2020, reflecting the damage caused by two devastating

earthquakes. In South Korea, exports rose 4.8% YoY in February, above forecasts but below January's 18.0% rise, preliminary figures showed. In Brazil, GDP growth weakened in the fourth quarter of 2023, at 2.1%, 0.1% lower than the previous quarter. A sharp fall in agricultural production and weakening consumer spending were cited as reasons for the outcome.

Fixed Income: The Bloomberg Global Aggregate index ended the week 0.3% higher. The in-line PCE figures helped to push yields down. The yield on benchmark 10-year Treasuries reached their lowest intraday level since mid-February before ending the week seven bps lower at 4.18%. In the investment grade market, spreads widened amid heavy supply, while the inflation report helped spreads narrow in the high yield market. In Europe, disappointing inflation data led investors to adjust their expectations for interest rate cuts. The yield on German 10-year bunds closed five bps higher at 2.41%. In the UK the benchmark 10-year UK gilt yield rose seven bps to 4.11% over the week. The Bloomberg Global Credit index was 0.2% higher over the period. The Bloomberg Global High Yield index rose 0.3%.

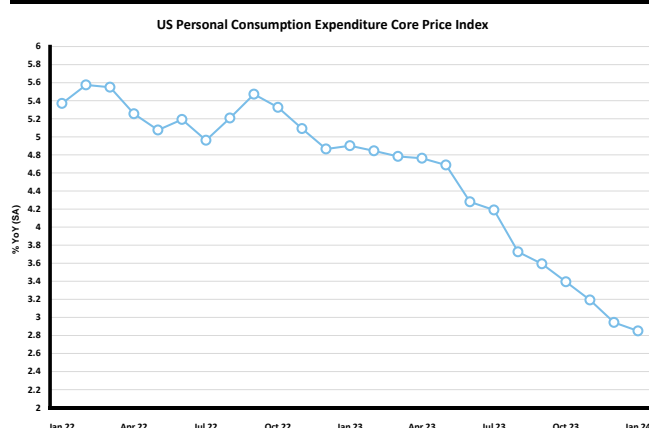
Commodities: Commodity prices continued to be mixed. Oil climbed by 4.6% recovering the previous week's losses. Gold also strengthened, up by 2.3%, rising for a second straight week against a declining US dollar. In contrast, copper fell 0.8% after two weeks of gains.



Charts of the week

US Core PCE Weakened in January, as Expected

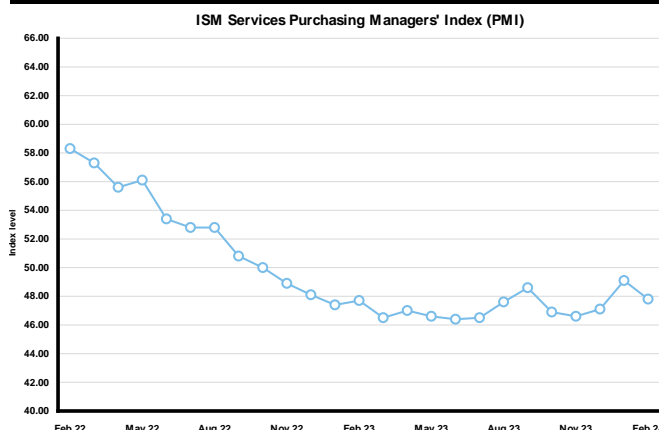
US core PCE, the Fed's preferred inflation metric, was in line with expectations in January, at 2.8% YoY (0.4% MoM).



Source: Bloomberg as at 01/03/24

US Manufacturing Activity Shows Signs of Slowing

The ISM manufacturing index, which gauges manufacturing activity, was 47.8 in February, well below the 49.5 expected and January's 49.1.



Source: Bloomberg as at 01/03/24

Market Data – Base Currencies

	Value	WTD	MTD	YTD	12M
EQUITY	Fri, 01-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
M SCIW orld Index	3,364.04	0.90%	0.80%	6.15%	24.28%
S&P 500	5,137.08	0.95%	0.80%	7.70%	30.01%
Russell1000	2,816.87	0.99%	0.76%	7.43%	29.32%
FTSE 100	7,682.50	-0.31%	0.69%	-0.66%	-2.94%
M SCIEurope xUK	201.21	0.19%	0.58%	4.86%	11.33%
DAX	17,735.07	1.81%	0.32%	5.87%	15.88%
Topix	2,709.42	1.83%	1.26%	14.50%	35.62%
M SCIA PAC xJP	527.38	-0.26%	0.41%	-0.28%	1.20%
Hang Seng Index	16,589.44	-0.82%	0.47%	-2.69%	-19.55%
M SCIEmerging	1,024.68	-0.35%	0.37%	0.09%	4.11%
Australia All Ordinaries	8,007.10	1.37%	0.60%	2.27%	7.39%
S&P/TSX Composite Index	21,552.35	0.65%	0.88%	2.83%	6.38%
BONDS (10YR, Yield in %)	1-Mar-24	23-Feb-24	29-Feb-24	31-Dec-23	1-Mar-23
US	4.18	4.25	4.25	3.88	3.99
UK	4.11	4.04	4.12	3.54	3.84
Germany	2.41	2.36	2.41	2.02	2.71
Japan	0.72	0.72	0.71	0.61	0.51
		WTD	MTD	YTD	12M
FIXED INCOME	1-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Bloomberg GlobalAgg USD	459.92	0.26%	0.19%	-2.43%	3.46%
Bloomberg GlobalAgg Hedged USD	557.29	0.26%	0.19%	-0.69%	6.08%
Bloomberg GlobalHigh Yield USD	1,534.53	0.30%	0.22%	0.82%	12.64%
Bloomberg GlobalAgg Credit USD	274.24	0.18%	0.27%	-0.87%	7.31%
Bloomberg GlobalAgg Corporate USD	268.16	0.14%	0.33%	-1.59%	7.52%
Bloomberg US Agg TR USD	2,133.89	0.47%	0.39%	-1.30%	4.34%
Bloomberg US Corp High Yield USD	2,491.53	0.20%	0.18%	0.47%	11.44%
Bloomberg European Agg EUR	234.25	-0.16%	0.03%	-1.37%	6.12%
Bloomberg European Agg Corp EUR	244.70	-0.16%	0.10%	-0.65%	7.07%
Bloomberg Pan European High Yield EUR	445.10	-0.12%	0.03%	1.42%	10.92%
		WTD	MTD	YTD	12M
COMMODITIES	1-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
GlobalProperty	5,508.30	0.71%	0.85%	-3.70%	3.79%
Gold	2,082.92	2.33%	1.89%	0.97%	13.40%
West Texas Intermediate Oil	79.97	4.55%	2.19%	11.05%	8.91%
Commodities	564.66	2.49%	1.21%	5.42%	-3.95%
ECONOMIC & MARKET INDICATORS	1-Mar-24	23-Feb-24	29-Feb-24	31-Dec-23	1-Mar-23
ICE LiborUSD 3M	5.59%	5.59%	5.60%	5.59%	4.98%
ICE LiborGBP 3M	5.33%	5.33%	5.33%	5.32%	4.33%
ICE LiborEUR 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 1st March 2024. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 1st 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)	
	01.Mar.24	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
MSCI World	3,364.04	171.64	177.49	8.26%	19.60	16.99	14.49%	11.24%
S&P 500	5,137.08	222.85	240.07	10.03%	23.05	17.77	18.21%	13.91%
Russell 1000	2,816.87	122.51	131.37	9.59%	22.99	18.13	17.08%	13.16%
FTSE 100	7,682.50	736.73	686.97	1.23%	10.43	14.59	15.80%	10.06%
MSCI Europe xUK	201.21	13.92	13.68	13.40%	14.45	15.85	12.92%	9.29%
DAX	17,735.07	1,344.72	1,432.79	14.83%	13.19	13.66	8.99%	9.39%
Topix	2,709.42	163.81	171.11	5.34%	16.54	17.72	8.87%	7.04%
MSCI APAC xJP	527.38	32.81	38.59	-12.72%	16.07	14.79	9.55%	11.76%
Hang Seng	16,589.44	1,883.09	2,061.03	181.62%	8.81	11.62	10.29%	11.94%
MSCI Emerging Markets	1,024.68	70.22	82.05	15.65%	14.59	12.74	10.78%	11.78%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 1st 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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