

GLOBAL MARKET COMMENTARY



WEEK 10 = WEEK ENDING 8 MARCH 2024

EQUITY	CLOSING LEVEL VALUE	WTD % CHANGE	BONDS	CLOSING LEVEL VALUE	WTD % CHANGE	REAL ESTATE & COMMODITIES	CLOSING LEVEL VALUE	WTD % CHANGE
MSCI World Index	3,380.14	▲ 0.48%	Bloomberg GlobalAgg USD	466.20	▲ 1.36%	GlobalProperty	5,613.99	▲ 1.92%
S&P 500	5,123.69	▼ -0.26%	Bloomberg GlobalHigh Yield USD	1547.67	▲ 0.86%	Gold	2,178.95	▲ 4.61%
MSCIEurxUK	204.10	▲ 1.44%	Bloomberg GlobalCredit USD	276.39	▲ 0.78%	Oil	78.01	▼ -2.45%
FTSE 100	7,659.74	▼ -0.30%				Commodities	559.46	▼ -0.92%

Highlights

- The MSCI World Index rose 0.5%, reaching another record, in a week when market performance was mixed.
- In the US, Federal Reserve (Fed) Chair Powell signalled the bank is "not far" from being sufficiently confident inflation is sustainably moving towards the 2.0% target, its key requirement for interest rates to be lowered.
- Meanwhile, the European Central Bank (ECB) left its benchmark interest rate unchanged. The central bank also reduced its inflation forecasts and lowered its growth projections for the region's economy.



Market commentary

North America: The S&P 500 Index fell 0.3% over the week, pulling back on Friday after setting a new intraday record. Energy was the best-performing sector while consumer discretionary and information technology lagged, recording losses over the week. In economic news, the US economy added 275,000 jobs in February non-farm payroll figures revealed, beating the 200,000 forecast and higher than the 229,000 seen in January (see chart). However, both the January and December readings were revised down significantly from the initial estimates. This, along with Fed Chair Powell's comments, boosted expectations of an interest rate cut by June. In addition, unemployment unexpectedly rose to 3.9% in February from January's 3.7%, the highest in over two years. Market expectations were for an unchanged outcome. In a final reading, January's durable goods orders were adjusted down to a 6.2% fall from the initial -6.1%. Factory orders for January declined 3.6%, well below the -2.9% expected and the previous month's revised 0.3% decline. Elsewhere, February's services purchasing managers' index (PMI) was raised in a final reading to 52.3 from 51.3; the composite was also revised higher, to 52.5 from 51.4. In other news, the ISM services index was 52.6 in February, down from January's 53.4 and below the 53.0 forecast. In Canada, interest rates were left unchanged at 5.0%, as expected. The economy added 41,000 jobs in February, double the estimate. However, unemployment edged higher to 5.8% from 5.7%.

Continental Europe: The MSCI Europe ex UK Index rose by 1.4%, the seventh straight week of gains to hit another record. In economic news, eurozone retail sales rose 0.1% MoM in January, improving from a decline of 0.6% in December and in line with forecasts (see chart). On a YoY basis, sales were down 1.0% from -0.5%, better than the market forecast of -1.3%. The region's composite PMI reading for February was revised up to 49.2 from a previous estimate of 48.9, while the services PMI was revised to 50.2 from 50.0. In other news, Germany's factory orders shrank by 11.3% MoM in January in a stark reversal from the previous month's surge of 12.0% and worse than forecasts of a 6.0% fall. However, the country's industrial output rose by 1.0% MoM in January versus December's 2.0% decline, the first expansion in nine months and beating forecasts of 0.6% growth. Meanwhile, the country's composite PMI for February was revised up to 46.3 from an earlier estimate of 46.1, albeit still below January's 47.0. The services PMI was revised to 48.3 from 48.2.

UK: The FTSE 100 index fell for the third straight week, down 0.3%, matching the previous period's performance. In economic news, the chancellor's Spring Budget included a further cut to national insurance payments, the ending of non-domicile tax status for foreign residents and expansion of child care benefits. Elsewhere, the composite PMI for February was revised lower to 53.0 from a previous estimate of 53.3, while the services PMI was revised lower to 53.8 from 54.3. Retail sales rose 1.0% YoY in February according to the British Retail Consortium, below the 1.6% rise expected and January's 1.4% increase. Bad weather and cost-of-living pressures were cited as reasons for the outcome.

Japan: Japan's share market made further gains over the week, with the TOPIX closing the period up 0.6%. Stocks benefitted from some positive rhetoric from US and European central bankers and

a series of mostly encouraging domestic economic data, including better-than-expected capital expenditure figures and an acceleration in wage growth. Stronger wage growth will only add to expectations that the country's central bank will soon end its ultra-easy monetary policy. We also saw upward revisions to the latest au Jibun Bank services and composite PMIs. Limiting the market's gains was a stronger yen.

Asia Pacific Asian share markets performed well over the week, with the MSCI Asia Pacific ex Japan Index closing the period up 1.9%. Contributing to the gains were dovish comments from both the Fed and the ECB; the upshot of which was that rate cuts may not be far away if inflation moderates as expected. Meanwhile, Beijing set an ambitious economic growth target of 'around 5.0%' for 2024; the same target as last year. Stocks rose in Taiwan, Thailand, South Korea, Indonesia and China but fell in Hong Kong. In Australia, the All Ordinaries Index climbed 1.3% as further gains across the country's 'Big Four' banks overshadowed softer-than-expected growth data. Australia's economy grew a modest 0.2% in the final quarter of last year; down slightly on the 0.3% expansion the market had anticipated.

Emerging Markets (EM): The MSCI EM Index recovered last week's fall with a 1.2% increase, underpinned by positive performance from the information technology sector. China saw Caixin PMI data miss expectations in February. Brazil slipped lower despite broadly positive economic data, including strengthening PMI data and industrial production. In South Africa, investors responded positively to fourth-quarter GDP growth, which beat forecasts at 1.2% YoY. This ensured the country avoided a recession after healthy growth within the mining sector.

Meanwhile, fourth-quarter GDP growth was in-line with estimates in South Korea (0.6% QoQ, 2.2% YoY).

Fixed Income: The Bloomberg Global Aggregate index ended the week 1.4% higher. Comments from Jerome Powell and softer jobs market data boosted expectations for a June rate cut from the Fed, which pulled government bond yields lower. The yield on benchmark 10-year US Treasuries reached the lowest level since early February ending the week 11 basis points (bps) lower at 4.07%. In Europe, the ECB left interest rates unchanged and lowered its inflation forecasts for this year to 2.3% from 2.7%, and for 2025 to 2.0% from 2.1%. ECB President, Christine Lagarde, said that although good progress is being made more evidence and more data is required before rates would be cut. The yield on German 10-year bunds fell to the lowest in nearly a month as market expectations for an ECB rate cut in June strengthened. Over the week, the yield closed 14 bps lower at 2.27%. In the UK the benchmark 10-year UK gilt yield fell 13 bps to 3.98% over the week. The Bloomberg Global Credit index was 0.8% higher over the period. The Bloomberg Global High Yield index rose 0.9%.

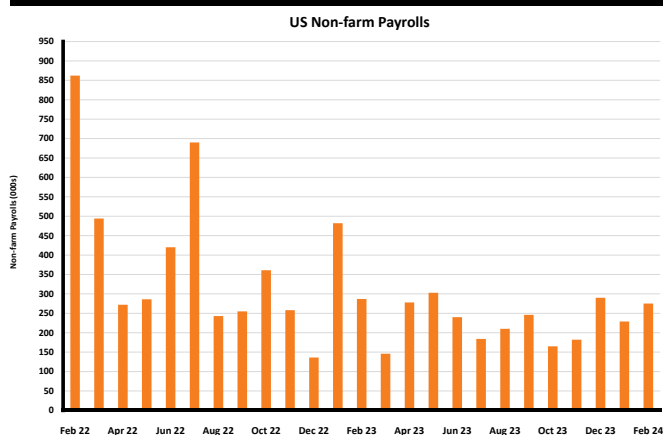
Commodities: Commodity prices were mixed. Oil fell by 2.5% giving up some of the previous week's gains. Gold continued to strengthen, up 4.6%, rising for a third straight week against a declining US dollar and falling Treasury yields. Copper also rose, by 0.9% recovering the previous period's weakness.



Charts of the week

US Non-farm Payrolls Beat Expectations, But...

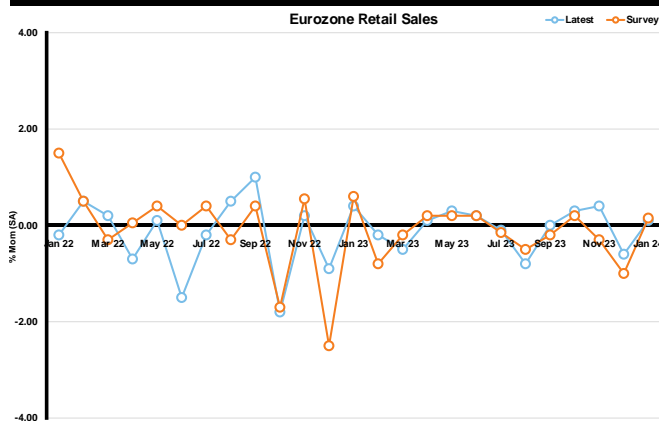
Non-farm payrolls beat forecasts, but recent months' data was revised down significantly, and unemployment rose.



Source: Bloomberg as at 08/03/24

Eurozone Retail Sales Improve in January

Eurozone retail sales increased by 0.1% MoM in January, matching forecasts and well above December's 0.6% fall.



Source: Bloomberg as at 08/03/24

Market Data – Base Currencies

	Value	WTD	MTD	YTD	12M
EQUITY	Fri, 08-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
M SCIW orld Index	3,380.14	0.48%	1.29%	6.66%	24.03%
S&P 500	5,123.69	-0.26%	0.54%	7.42%	28.35%
Russell1000	2,810.12	-0.24%	0.52%	7.17%	27.83%
FTSE 100	7,659.74	-0.30%	0.39%	-0.95%	-3.41%
M SCIEurope xUK	204.10	1.44%	2.02%	6.37%	11.74%
DAX	17,814.51	0.45%	0.77%	6.34%	13.96%
Topix	2,726.80	0.64%	1.91%	15.23%	32.94%
M SCIA PAC xJP	537.31	1.88%	2.30%	1.59%	4.10%
Hang Seng Index	16,353.39	-1.42%	-0.96%	-4.07%	-18.44%
M SCIEmerging	1,037.09	1.21%	1.58%	1.30%	6.03%
Australia All Ordinaries	8,107.52	1.25%	1.86%	3.55%	8.04%
S&P/TSX Composite Index	21,737.53	0.86%	1.75%	3.72%	6.84%
BONDS (10YR, Yield in %)	8-Mar-24	1-Mar-24	29-Feb-24	31-Dec-23	8-Mar-23
US	4.07	4.18	4.25	3.88	3.99
UK	3.98	4.11	4.12	3.54	3.77
Germany	2.27	2.41	2.41	2.02	2.65
Japan	0.74	0.72	0.71	0.61	0.51
		WTD	MTD	YTD	12M
FIXED INCOME	8-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
Bloomberg GlobalAgg USD	466.20	1.36%	1.56%	-1.10%	5.27%
Bloomberg GlobalAgg Hedged USD	561.41	0.74%	0.93%	0.04%	6.63%
Bloomberg GlobalHigh Yield USD	1,547.67	0.86%	1.08%	1.69%	13.73%
Bloomberg GlobalAgg Credit USD	276.39	0.78%	1.06%	-0.09%	7.86%
Bloomberg GlobalAgg Corporate USD	271.35	1.19%	1.52%	-0.42%	8.92%
Bloomberg US Agg TR USD	2,151.22	0.81%	1.21%	-0.50%	5.11%
Bloomberg US Corp High Yield USD	2,505.18	0.55%	0.73%	1.02%	11.98%
Bloomberg European Agg EUR	236.85	1.11%	1.14%	-0.28%	6.75%
Bloomberg European Agg Corp EUR	246.57	0.77%	0.86%	0.11%	7.74%
Bloomberg Pan European High Yield EUR	447.41	0.52%	0.55%	1.95%	11.14%
		WTD	MTD	YTD	12M
COMMODITIES	8-Mar-24	% CHANGE	% CHANGE	% CHANGE	% CHANGE
GlobalProperty	5,613.99	1.92%	2.79%	-1.85%	5.33%
Gold	2,178.95	4.61%	6.59%	5.62%	20.13%
West Texas Intermediate Oil	78.01	-2.45%	-0.32%	8.33%	7.01%
Commodities	559.46	-0.92%	0.27%	4.45%	-3.15%
ECONOMIC & MARKET INDICATORS	8-Mar-24	1-Mar-24	29-Feb-24	31-Dec-23	8-Mar-23
ICE LiborUSD 3M	5.58%	5.59%	5.60%	5.59%	5.12%
ICE LiborGBP 3M	5.33%	5.33%	5.33%	5.32%	4.36%
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 8th March 2024. Equity Index returns in base currency, except for APAC xJP (USD) and Emg Mkt (USD), percentage change in price levels as at 8th 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)	
	08 . Mar . 24	TRAILING 12M	EXPECTED CURRENT YEAR	LT GROWTH RATE	CURRENT	10Y AVERAGE	CURRENT	10Y AVERAGE
M SCIW orld	3,380.14	171.72	178.10	8.96%	19.68	18.17	14.44%	11.20%
S&P 500	5,123.69	223.18	240.27	9.77%	22.96	19.28	18.12%	14.70%
Russell1000	2,810.12	122.72	131.43	9.48%	22.90	19.70	16.98%	13.88%
FTSE 100	7,659.74	694.39	682.06	1.07%	11.03	14.10	11.52%	8.94%
M SCIEurope xUK	204.10	13.94	13.65	-42.03%	14.64	16.75	12.92%	8.57%
DAX	17,814.51	1,398.48	1,427.22	-23.02%	12.74	14.43	10.76%	9.45%
Topix	2,726.80	163.86	172.04	5.17%	16.64	17.52	8.88%	7.78%
M SCIPAC xJP	537.31	32.81	38.70	-11.04%	16.38	15.17	9.65%	10.92%
Hang Seng	16,353.39	1,883.05	2,056.31	250.31%	8.68	11.61	10.36%	11.01%
M SCIEmerging M arkets	1,037.09	70.20	82.30	15.65%	14.77	13.46	10.82%	11.24%

Notes: Unless otherwise stated, data sourced from Bloomberg as of 8th 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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