

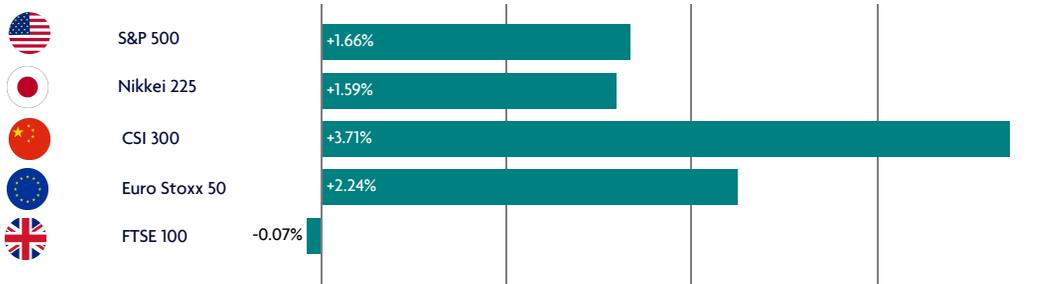
Weekly Market Update

26 February 2024

Another strong week for markets with big stories coming out of US chipmaker NVIDIA, which boosted markets globally. Increased consumer activity during China's Lunar New Year holiday boosted investor sentiment and a return to steady growth in Japan helped Japanese stocks continue to strengthen. Meanwhile, mining and energy stocks keep the FTSE 100 subdued this week.



Market Monitor (%): How did major stock markets perform last week?



Market Update:



UK

The FTSE 100 was marginally down, driven by a weakness in energy and mining stocks. Forward looking economic data shows a recovery in business activity across the UK. Of course, all eyes remain on the Bank of England and interest rates. The governor of the Bank of England, Andrew Bailey, told a parliamentary committee that he was "comfortable" with investors thinking about rate cuts this year, although he also asserted that the economy was "showing distinct signs of an upturn" after a recession last year.



US

Stocks moved higher over the week, with NVIDIA standing out as they reported strong quarterly revenues and earnings sending the stock significantly higher. The company also said it expects a good 2024 as demand for its chips remains strong due to its applications in artificial intelligence. In economic news, data suggest that both the services and manufacturing sectors of the US economy remain in expansion territory, even though the services sector is beginning to cool somewhat. And finally, the US central bank, the Federal Reserve, continue to suggest that it needs to see continued evidence that inflation is under control before considering interest rate cuts.



Europe

European stocks ended the week higher as stellar quarterly results from US chipmaker NVIDIA stoked a global rally and demand for technology stocks. Economic data suggests that the European economy could be stabilising, helped by a recovery in the services sector. Separately, final data confirmed that the German economy contracted 0.3% in the last 3 months of 2023.



Japan

Japan's return to steady growth and corporate profitability both continued to underpin investor confidence, and this week, equities received a boost after the governor of the Bank of expressed confidence that moderate inflation was likely to continue as wages grow. Financial markets remained laser-focused on when the central bank will end its negative interest rate policy. Economic data came in strong with machinery orders up in December and exports rising to a record high in January. On the flip side, the manufacturing sector looks to be losing steam.



China

Stock markets rallied as recovery hopes rose following a strong holiday spending during the previous week's lunar new year holiday. Tourism revenue over the Lunar New Year holiday surged 47% over the previous year and surpassed pre-pandemic levels. Domestic trips rose 34% from last year, and international trips also increased. However, average spending per trip fell from 2019, signalling lingering caution among consumers. In other news, the Peoples Bank of China announced supportive measures for banks and for the broader Chinese economy.



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