3-Month Market Review

(as at March 31, 2024)

Navigating a Shifting Economic Landscape

Latest Developments

- **Bullish Markets:** Global markets performed strongly in the first quarter of 2024, with the MSCI World Index increasing by over 8% since the start of the year, a sign that geopolitical tensions may be easing and economic conditions stabilizing.
- **Evolving Monetary Policy:** The U.S. Federal Reserve ("the Fed") and other central banks have paused interest rate hikes and signaled a shift to a data-dependent approach. This indicates that any potential rate reductions will be gradual and closely tied to economic indicators, ensuring that policy shifts support growth without introducing new economic imbalances.
- **Stabilizing Oil Prices:** The oil market has witnessed a degree of stabilization in prices, partly due to the resolution of certain supply constraints and strategic production cuts by OPEC+. However, the market remains sensitive to geopolitical disruptions. For example, escalating geopolitical tensions in the Middle East propelled oil prices to rise by 18% since the start of the year.
- **Buoyant US Job Data**: The U.S. economy added an impressive 303,000 jobs in March, a figure that comfortably exceeded economists' projections of 200,000.

What this Means

- **Economic Resilience:** The durability of the U.S. economy is evidenced by robust job markets and strong corporate earnings, factors that are essential in bolstering the confidence of investors. The ability of the job market to sustain its momentum is particularly noteworthy, as it plays a critical role in fostering economic stability and supporting consumer spending.
- **Inflation's Trajectory**: With the peak of inflation possibly behind us, central banks continue to target a so-called soft landing for the economy. The moderation of inflation rates, from the highs of the previous years, remains central to monetary policy decisions, as central banks work to balance growth with price stability.