



April 2024: A summary for investors

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What's happened in April?

- UK inflation keeps falling
- Markets react differently to mixed macro-economic news
- FTSE 100 reaches a new record high

Market summary

News headlines on the economy caused markets to take different directions in April - those who've done well recently paused for breath, letting the stragglers catch up.

The contrast in inflation levels between the US, the UK and Europe suggests we're entering a phase where monetary policy may start to differ.

In the US, inflation is being stubborn. Month on month, it increased by 0.4%, with March's YOY rate accelerating to 3.5% (up from 3.2% in February). This could be cause for concern for the Fed, which kept rates steady at 5.25 - 5.50% at their last meeting, with markets now only pricing in one rate cut this year.

Headline inflation in the UK fell again in April and is expected to continue to fall, partly due to the lowering of the energy price cap. Inflation is now sitting at 3.2% (its lowest rate since September 2021.)

It's a steady picture in Europe, as the European Central Bank (ECB) left interest rates unchanged for the fifth consecutive meeting. Inflation rates in Europe are now at 2.4%, and the ECB seem likely to start cutting rates at their June meeting.

And China has reason to be positive. Despite the headaches caused by its property sector over the past six months, year on year GDP growth was above market expectations in Q1.

The macro environment continued to be the driving force of returns in April with markets starting to focus on business fundamentals and valuation levels which may be good news for the UK. We've seen false dawns before, but maybe this time is different.

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