

Current Update

March 2024



Market Talking Points

- INFLATION:** CPI rate rose to 3.2% in the US (from 3.1%) but fell to 2.4% in the EU (from 2.6%) and to 3.4% in the UK (from 4.0%). With the CPI no longer falling attention has turned to the Core Inflation rates which are 3.8% in the US, 2.9% in the EU and 4.5% in the UK.
- CENTRAL BANK RATES:** In December interest rates were kept the same in the US (5.50%) and the UK (5.25%) and the EU (4.5%). In the FOMC news conference Fed Chairman Powell rolled back on the markets expectation of rate cuts for the year but maintaining at target of a 0.75% fall.
- BENCHMARK RATES:** After falling materially during the final quarter 2023 10 year benchmark interests rose modestly during March. The bond market has lowered expectation of imminent US rate cuts given economic growth and jobs data remaining strong
- ECONOMIC GROWTH:** Annual Growth rates remained remarkably positive in 2023 within the US (+3.1% YoY). In a reversal of expectation Annual Growth for the UK turned negative (-0.2%) but remained positive, just, in the EU (0.1%).
- GOLD PRICES:** The gold price has shot up since the end of February, an 8.5% increase over the month. With inflation sticky and budget deficits high investors appear to be seeking alternative assets. This includes a surge in Bitcoin with set an all time high above \$70,000.

Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.5%	3.1%	5.6%	2.7%	2.8%	-0.08	0.5%
High Grade Bond and Income	1.2%	5.5%	2.0%	-0.8%	3.7%	0.29	6.5%
Low Risk Absolute Return	0.4%	0.9%	5.6%	3.9%	3.8%	0.20	6.2%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	3.0%	12.0%	15.3%	9.9%	9.2%	1.00	11.4%
Corporate, High Yield and Credit	1.8%	10.9%	12.1%	4.0%	6.6%	0.81	9.5%
Emerging Market Equity	2.2%	7.4%	11.4%	4.2%	9.0%	0.78	13.1%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	4.6%	-2.0%	1.8%	8.3%	3.4%	0.34	11.9%
Medium Volatility Absolute Return	0.6%	0.1%	5.2%	5.2%	4.4%	0.29	8.1%
Themes, Macro and Trend	1.7%	1.6%	8.8%	8.8%	6.8%	0.22	10.7%
Real Estate	1.8%	4.6%	2.3%	1.7%	6.1%	0.73	9.5%

*Annualised returns above 1 year, as of 31/03/2024

Current Portfolio Relative Risk Level

- On February 27th the Risk Committee maintained the Tactical Risk Level at underweight Level 2, out of 7, with an Enhancer asset underweight and valuation bias.
- Within Anchors short duration bonds and cash offer an attractive nominal yield. Within Enhancers recent concentrated technology stock gains appear unsustainable given prevailing uncertainty and persistent inflation.
- The strong rebound in returns during November and December went beyond expectations. With markets pricing in a soft landing and significant interest rate cuts the possibility of disappointment appears elevated
- Enhancer assets are primarily equity assets with a small percentage of credit
- Risk level 4 is the Neutral or Strategic asset allocation when valuations and risk are considered by the Risk Committee to be in equilibrium.
- Lower risk levels (below 4) indicate that Enhancer valuations are relatively unattractive given to prevailing macro risks. Higher risk levels indicate they are relatively attractive.

Key Future Announcements

UK		Previous	Forecast
Friday April 12 2024	GDP MoM FEB	0.2%	0.1%
Friday April 12 2024	Unemployment Rate FEB	3.9%	4.0%
Wednesday April 17 2024	Inflation Rate YoY MAR	3.4%	3.1%
Wednesday April 23 2024	S&P Global Composite PMI Flash APR	52.8	53
Friday April 26 2024	Gfk Consumer Confidence APR	79.4	
GLOBAL			
Wednesday April 10 2024	US Inflation Rate YoY MAR	3.2%	3.4%
Thursday April 11 2024	ECB Interest Rate Decision	4.5%	4.5%
Wednesday April 24 2024	US Durable Goods Orders MoM MAR	1.4%	-1.2%
Friday April 26 2024	BoJ Interest Rate Decision	0.0%	0.1%
Wednesday May 1 2024	Fed Interest Rate Decision	5.5%	5.5%

UK	31-Mar-24	31-Dec-23
FTSE 100	7,952.62	7,733
FTSE 100 % YTD	2.84%	
BoE Interest Rate	5.25%	5.25%
Inflation	3.40%	3.90%
Core Inflation	4.50%	5.10%
Govt, 10YR Yield	3.98%	3.54%
Currency	31-Mar-24	31-Dec-23
GBP/USD	1.26	1.27
GBP/EURO	1.17	1.15
EUR/USD	1.08	1.10
Commodity (\$)	31-Mar-24	31-Dec-23
Gold	2,232	2,071
Silver	24.97	24.02
Brent Crude Oil	83.17	71.33
Govt 10YR Bond	31-Mar-24	31-Dec-23
US	4.19	3.88
Japan (JGB)	0.71	0.63
Germany (Bund)	2.30	2.00
Italy (BTP)	3.68	3.70
Global Markets	31-Mar-24	31-Dec-23
Dow Jones	39,807	37,690
S&P 500	5,254	4,770
Nasdaq 100	18,255	15,011
Dax	18,492	16,751
CAC	8,206	7,543
Nikkei 225	40,168	33,464
Shanghai	3,011	2,975
Sensex	73,651	72,240
Nifty 50	22,327	21,731

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