

Current Update

April 2024



Market Talking Points

- INFLATION:** CPI rate rose to 3.5% in the US (from 3.2%) but fell to 2.4% in the EU (from 2.5%) and to 3.2% in the UK (from 3.4%). With the CPI no longer falling attention has turned to the Core Inflation rates which are 3.8% in the US, 2.7% in the EU and 4.2% in the UK.
- CENTRAL BANK RATES:** In April 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 continued to roll back on the expectation of rate cuts but ruled out rising fears of increases.
- BENCHMARK RATES:** Benchmark 10 Year interest rates continued to rise during April finishing at 4.68% in the US and 4.35% in the UK. The bond market has lowered expectation of US rate cuts now expecting earlier cuts from the ECB and Bank of England before the Federal Reserve
- ECONOMIC GROWTH:** Annual Growth rates were low but positive in the first quarter within the US (+1.6%), the EU (+0.3%) and Japan (+0.1%). Q1 GDP growth for the UK is reported on May 10th
- STAGFLATION:** With falling growth rates and stubborn inflation there have been fears of a return in the US to a period inflationary negative growth. With unemployment low and growth positive this seems premature. It was dismissed by Chairman Powell who said he sees no "stag" nor any "flation"

Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.6%	3.1%	5.7%	2.7%	2.8%	-0.09	0.6%
High Grade Bond and Income	-2.0%	4.0%	1.6%	-1.1%	3.7%	0.29	6.6%
Low Risk Absolute Return	0.4%	1.8%	5.7%	4.0%	3.7%	0.20	6.2%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	-0.6%	14.5%	15.5%	9.2%	9.1%	1.00	11.4%
Corporate, High Yield and Credit	-1.5%	10.7%	10.9%	3.4%	6.6%	0.81	9.5%
Emerging Market Equity	1.4%	12.4%	12.7%	4.2%	9.3%	0.78	13.1%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	4.0%	-0.2%	9.7%	9.3%	3.6%	0.33	12.0%
Medium Volatility Absolute Return	0.3%	1.4%	5.8%	5.3%	4.3%	0.29	8.1%
Themes, Macro and Trend	1.1%	4.4%	9.3%	8.9%	7.0%	0.22	10.8%
Real Estate	-2.4%	4.5%	1.1%	1.3%	6.2%	0.74	9.5%

*Annualised returns above 1 year, as of 30/04/2024

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
Thursday May 09 2024	BoE Interest Rate Decision	5.25%	5.25%
Friday May 10 2024	GDP Growth Rate QoQ Prel Q1	-0.3%	0.4%
Tuesday May 14 2024	Unemployment Rate MAR	4.2%	4.2%
Wednesday May 22 2024	Inflation Rate YoY APR	3.2%	3.1%
Friday May 24 2024	Retail Sales MoM APR	0.0%	0.3%
GLOBAL			
Tuesday May 14 2024	DE ZEW Economic Sentiment Index MAY	42.9	45
Wednesday May 15 2024	US Inflation Rate YoY APR	3.2%	3.4%
Wednesday May 22 2024	US FOMC Minutes		
Friday May 24 2024	US Durable Goods Orders MoM APR	2.6%	2.5%
Friday May 31 2024	US Core PCE Price Index MoM APR	0.3%	0.3%

UK	30-Apr-24	31-Dec-23
FTSE 100	8,144.13	7,733
FTSE 100 % YTD	5.31%	
BoE Interest Rate	5.25%	5.25%
Inflation	3.20%	3.90%
Core Inflation	4.20%	5.10%
Govt, 10YR Yield	4.35%	3.54%
Currency	30-Apr-24	31-Dec-23
GBP/USD	1.25	1.27
GBP/EURO	1.17	1.15
EUR/USD	1.07	1.10
Commodity (\$)	30-Apr-24	31-Dec-23
Gold	2,291	2,071
Silver	26.35	24.02
Brent Crude Oil	81.54	71.33
Govt 10YR Bond	30-Apr-24	31-Dec-23
US	4.68	3.88
Japan (JGB)	0.87	0.63
Germany (Bund)	2.59	2.00
Italy (BTP)	3.88	3.70
Global Markets	30-Apr-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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