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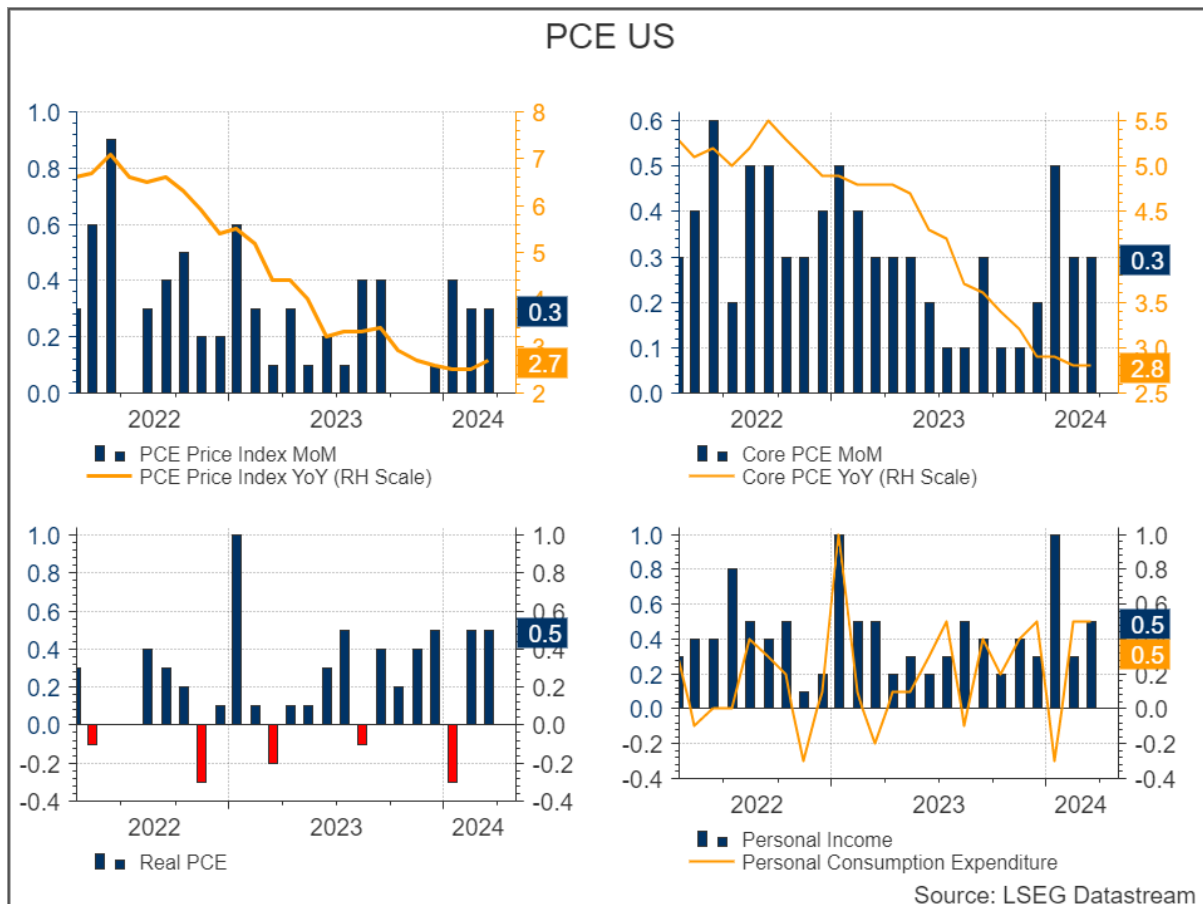
Portfolio Strategy

Economic Calendar

Apr 26, 2024

US inflation rises in line with expectations in March - Reuters News

WASHINGTON, April 26 (Reuters) - U.S. inflation rose moderately in March, but that is unlikely to change financial markets' expectations that the Federal Reserve will hold off cutting interest rates until September.



The personal consumption expenditures (PCE) price index increased 0.3% last month, the Commerce Department's Bureau of Economic Analysis said on Friday. Data for February was unrevised to show the PCE price index gaining 0.3% as previously reported.

In the 12 months through March, inflation rose 2.7% after advancing 2.5% in February. Economists polled by Reuters had forecast the PCE price index climbing 0.3% on the month

and increasing 2.6% year-on-year. The PCE price index is one of the inflation measures tracked by the U.S. central bank for its 2% target. Monthly inflation readings of 0.2% over time are necessary to bring inflation back to target.

There had been fears that inflation could exceed forecasts in March after the [advance gross domestic product](#) (GDP) report for the first quarter on Thursday showed price pressures heating up by the most in a year, driven by surging costs for services, especially transportation, financial services and insurance. These more than offset a drop in the prices of goods.

Most of the resurgence in inflation appears to have been in the first two months of the year.

Fed officials are expected to leave rates unchanged next week. The central bank has kept its benchmark overnight interest rate in the 5.25%-5.50% range since July. It has raised the policy rate by 525 basis points since March 2022.

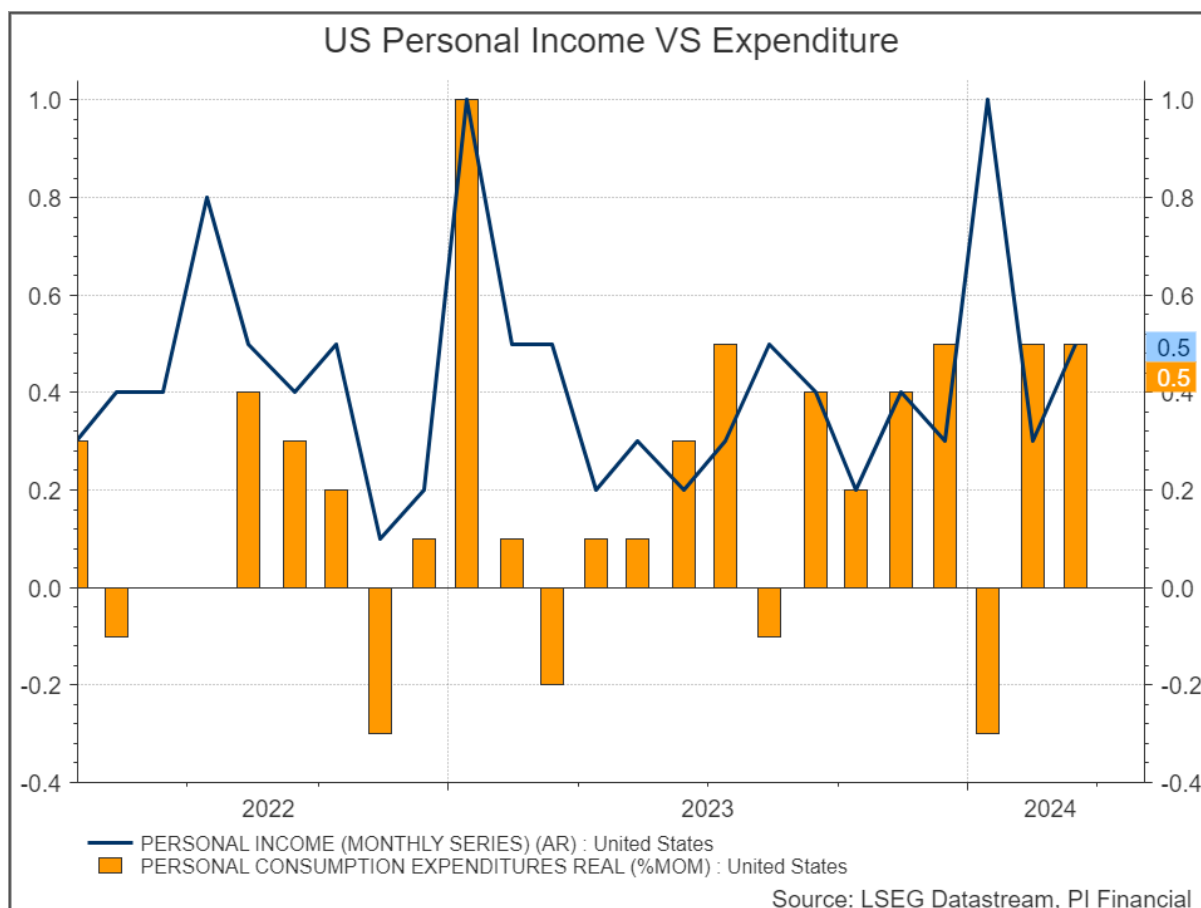
Financial markets initially expected the first rate cut to come in March, which then got pushed back to June and now to September as data on the labor market and inflation continued to surprise on the upside this year.

US Personal Income Rises as Expected

US personal income rose by 0.5% from the previous month in March of 2024, accelerating from a 0.3% increase in the previous month and in line with market expectations.

Personal income receipts from assets rebounded (0.1% vs -2% in the previous month), due mainly to dividends (0.3% vs -3.6%).

Meanwhile, compensation for employees increased at a slightly slower pace (0.6% vs. 0.7%), even though wages and salaries grew at the same rate (0.7%). Also, personal current transfer receipts rose by 0.3%, slowing from a 0.6% increase in the prior period.



US Personal Spending Rises More than Forecast

Personal spending in the United States increased by 0.8% from the previous month in March 2024, maintaining the same pace as in February and surpassing market expectations of a 0.6% growth.

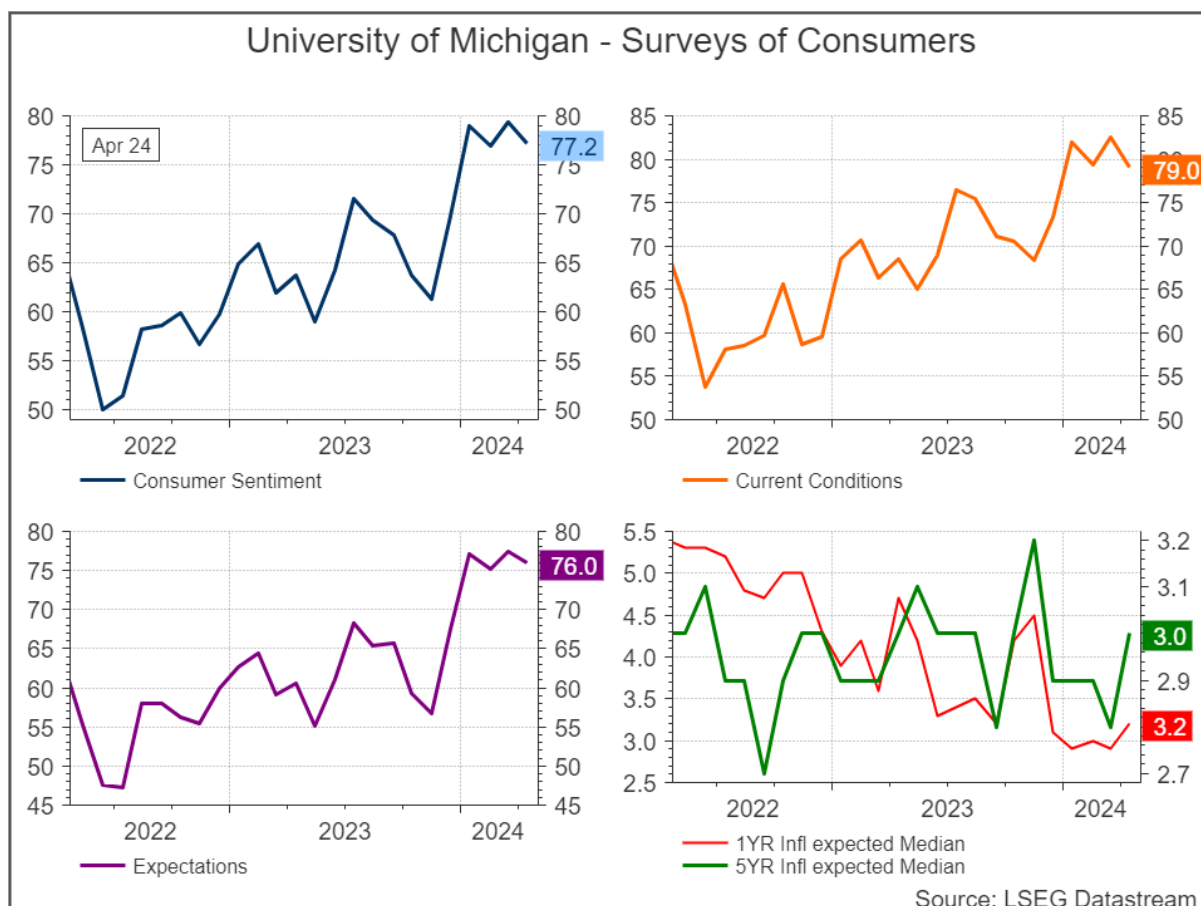
Spending on goods surged by 1.3% (compared to 0.8% in February), buoyed by higher expenditures on gasoline and other energy goods, including motor vehicle fuels, lubricants, and fluids, as well as other nondurable goods such as recreational items, and food and beverages.

Meanwhile, spending on services rose by 0.6% (compared to 0.8% in February), with consumers allocating more funds to healthcare, including outpatient and hospital services, and housing and utilities, particularly housing-related expenses.

Source: Trading Economics

Survey of Consumers University of Michigan

Consumer sentiment continued to plateau and was virtually unchanged for the third month in a row. Since January, sentiment has remained remarkably stable within a very narrow 2.5 index point range, well under the 4.8 points necessary for a statistically significant difference in readings.



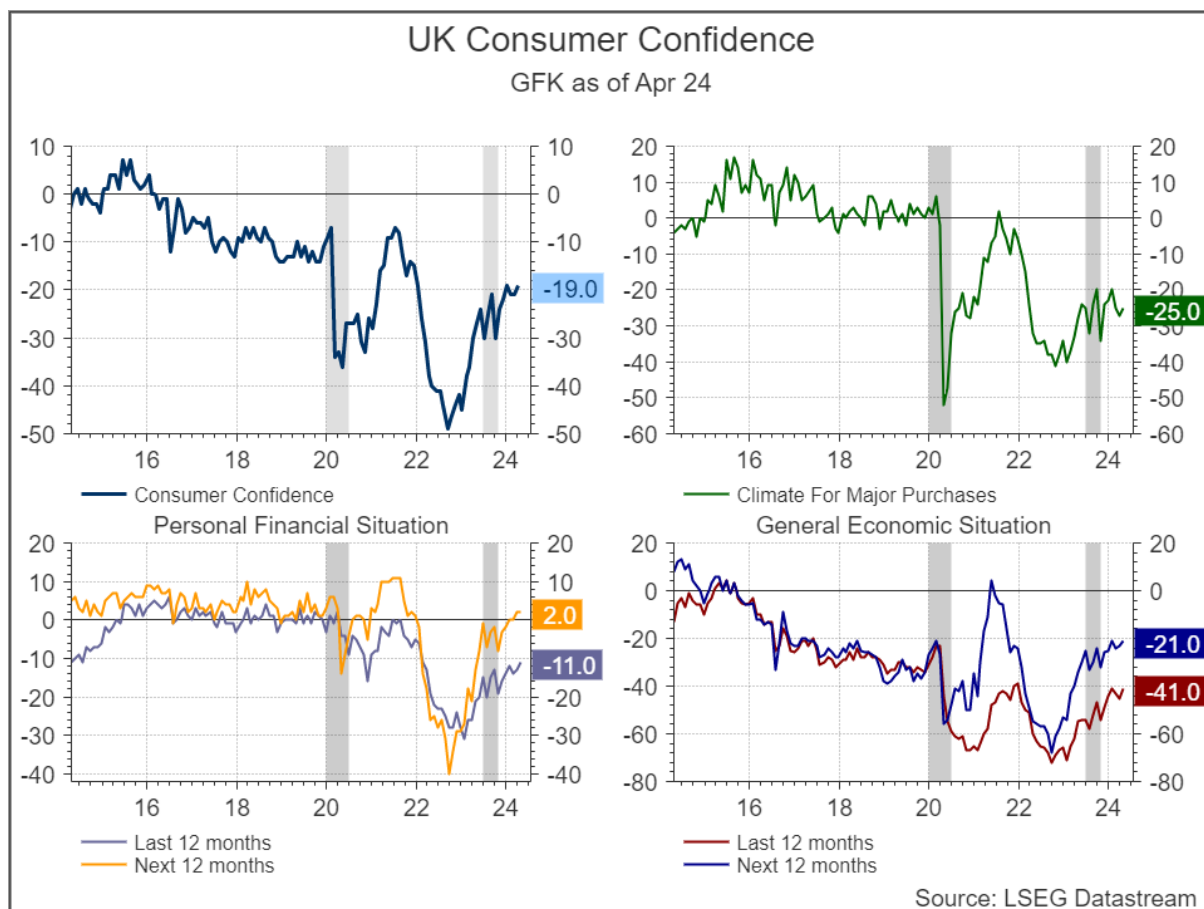
The long-run business outlook inched up to reach its highest reading since June 2021, while views of personal finances softened. Different parts of the population exhibited offsetting changes this month. Republicans posted notable declines in sentiment this month, whereas Democrats and Independents did not. Sentiment for younger consumers rose, in contrast to middle-aged and older adults whose sentiment changed little or fell. Overall, consumers continue to express uncertainty about the future trajectory of the economy pending the outcomes of the upcoming election, but at this time there is no evidence that global geopolitical factors are on the forefront of consumers' minds.

Year-ahead inflation expectations ticked up from 2.9% last month to 3.2% this month. Long-run inflation expectations also edged up, from 2.8% last month to 3.0% this month; they have been within the narrow 2.9-3.1% range for 29 of the last 33 months. Long-run inflation expectations remain elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

Source: University of Michigan

UK consumer sentiment returns to two-year high, GfK survey shows - Reuters News

LONDON, April 26 (Reuters) - British consumer sentiment returned to a two-year high this month as households took a more positive view of the economy and their own finances, a long-running survey showed on Friday.



The GfK consumer confidence index rose to -19 in April from -21 in March, matching January's reading which was the highest since January 2022, just before Russia's full-scale invasion of Ukraine triggered a surge in energy costs and other bills.

Economists polled by Reuters had forecast a slightly smaller rise to -20. A year ago, the index stood at -30.

"These improvements reflect the impact on household budgets of lower inflation and the anticipation of further tax cuts," GfK client strategy director Joe Staton said.

"However, we are a long way from the much firmer sentiment last seen in the period before Brexit, Covid and the conflict in Ukraine," Staton said.

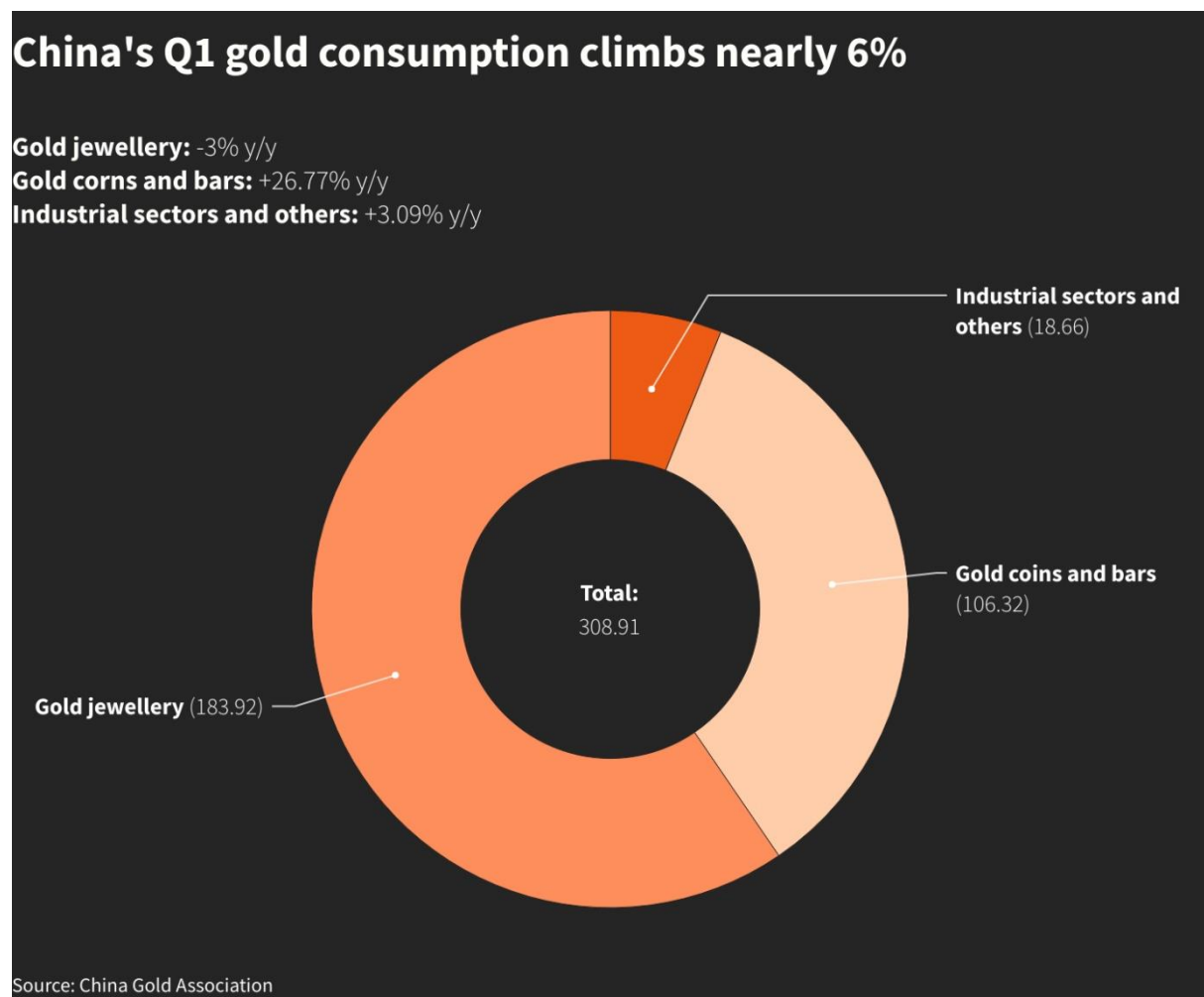
Inflation fell to a two-and-a-half year low of 3.2% in March, and April brought a nearly 10% increase in Britain's minimum wage as well as a 2 percentage point cut in the rate of national insurance contributions paid by employees.

Finance minister Jeremy Hunt has said he wants to cut taxes further if there is room in the public finances before Prime Minister Rishi Sunak calls an election, expected in the second half of this year.

China's Q1 gold consumption climbs nearly 6% on safe-haven demand

BEIJING, April 26 (Reuters) - China's gold consumption in the first quarter of 2024 climbed by 5.94% from a year earlier on soaring safe-haven demand, the country's Gold Association said on Friday.

Bullion consumption in the world's largest consumer totalled 308.905 metric tons in the first three months of the year.



Purchase of gold bars and coins jumped 26.77% in the January-March period to 106.323 tons, or 34% of the total consumption.

Additionally, buying from the central bank in the world's second-largest economy continued for a 17th straight month in March, bringing the total [gold reserve](#) to 2,262.67 tons by end-March.

However, gold jewellery consumption fell 3% to 183.922 tons, or 59.5% of the total, as some consumers preferred to take a watchful stance amid rapidly rising bullion prices.

The most-traded gold futures contract on the Shanghai Futures Exchange [SHAUc1](#) advanced by 10% from the beginning of the year to 531.3 yuan (\$73.32) a gram on March 29, the last working day of the month.

Soaring gold prices heightened operational risks for processing and sales enterprises of bullion, according to the Association.

China's gold output made of domestically produced raw materials rose 1.16% to 85.959 tons, it added.

Spurred by higher prices, smelting enterprises purchased more raw materials from abroad to ramp up gold production.

Output of gold from imported raw materials soared 78% to 53.225 tons, brining the total gold output in China in the first quarter to 139.184 tons, a rise of 21.16%.

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