



Brewin
Dolphin

Markets in a Minute

12 April 2023

Mixed week for markets as job openings remain tight

Markets saw mixed performance in a shorter trading week due to the Easter holiday.

In the US, the S&P 500 fell 0.5%, the Dow declined 0.3% and the Nasdaq lost 0.8% as figures from the Department of Labor showed the job market remained tight.

In Europe, the Dax added 0.1%, the Stoxx 600 grew 0.3% and the UK's FTSE 100 added 0.9%, in a week that saw boosts in retail sales and construction output.

Last week's market update*

- FTSE 100¹: +0.89%
- S&P 500¹: -0.47%
- Dow¹: -0.34%
- Nasdaq¹: -0.83%
- Dax¹: +0.11%
- Hang Seng¹: -0.38%
- Shanghai Composite: +0.95%
- Nikkei 225: -2.38%
- Stoxx 600¹: +0.27%
- MSCI EM ex Asia: -0.59%

* Data from close of business Friday 31 March to close of business Friday 7 April

¹ Closed on Friday 7 April

Markets mixed ahead of US CPI

Mixed performance before the Easter holiday continued afterwards, as investors awaited March's US consumer price index release on Wednesday, as well as the latest minutes from the Federal Reserve.

The FTSE 100 rose 0.6%, while pan-European Stoxx 600 grew 0.6%. In the US, the Dow was up 0.3%, while the S&P 500 remained flat and the Nasdaq lost 0.4%.

Meanwhile in Asia, markets closed higher after the Bank of Korea chose to maintain interest rates at 3.5%. Japan's Nikkei 225 rose 1.0%, while Hong Kong's Hang Seng added 0.8% and China's Shanghai Composite saw a marginal decline.

UK retail sales boosted

UK retail sales saw a 5.1% increase in March, compared to 3.1% in March 2022, according to the British Retail Consortium (BRC). Month-on-month, sales dropped marginally, down from 5.2% in February.

Like-for-like sales, which remove changes in retail space, grew by 4.9%, compared to a decline of 0.4% in March last year. Month-on-month growth was also 4.9%.

Sales were boosted by Mother's Day on 19 March, which saw jewellery, flowers and fragrances perform particularly well. The biggest growth was seen across home comforts, accessories and furniture, as consumers cut back on eating out in favour of entertaining at home. Meanwhile, fashion, gardening and DIY products saw a slump in sales.

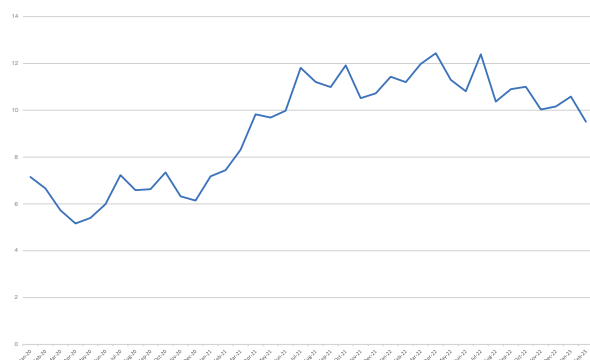
While retailers may hope for a further boost from the King's coronation on 6 May, the BRC has predicted consumers will continue to cut back on discretionary spending due to increased cost of living.

US job openings fall in February

US job openings fell by 632,000 to 9.9 million in February, the lowest level since May 2021, according to the Department of Labor.

Healthcare and professional services sectors saw the largest drops, with declines of 150,000 and 278,000 respectively. Meanwhile, the construction and arts, entertainment and recreation sectors saw increases of 129,000 and 38,000 respectively.

US job openings



Source: Refinitiv Datastream

Nonfarm payroll employment rose by 236,000 in March, down from 311,000 in February and 504,000 in January. Most growth was seen in the leisure and hospitality, government, professional services and healthcare sectors. The unemployment rate saw a small drop from 3.6% in February to 3.5% in March (5.8 million). New unemployment claims fell by 18,000 in the last week of March, to a total of 228,000 on a seasonally-adjusted basis.

The job market remains tight with 1.7 open jobs for every unemployed person, down from 1.9 in January. Although the market is softening, which could have a positive effect on inflation, many economists are concerned the US economy could be pushed into a recession later this year.

UK construction output rises, housebuilding declines

UK construction output increased in March to 50.7, according to the S&P Global/CIPS UK Construction purchasing managers' index (PMI). Although this is a drop from the 54.6 measured in February, it falls above the 50.0 threshold that indicates growth.

The rise was due to an increase in new orders and improved supply conditions. Civil engineering was the fastest growing segment at 52.0, boosted by HS2 infrastructure projects and strong demand for other transport-related projects.

Housebuilding was the weakest performing segment at 44.2, the fastest rate of decline since May 2020. The sector has seen a drop in demand for residential housebuilding projects due to rising borrowing costs.

EU house prices in decline

House prices in the European Union fell by 1.5% quarter-on-quarter in Q4 2022, according to Eurostat figures released Tuesday. It is the first decrease since 2015. Prices dropped by 1.5% after declines in 15 member countries. The largest declines were seen in Denmark and Germany, where prices dropped 6.5% and 5.0% respectively.

The market has likely been affected by increases in the European Central Bank's (ECB's) deposit rate, which reached 3.0% in March, the highest level since the financial crisis. The ECB has indicated further hikes could be forthcoming to stifle inflation.

China services PMI rises – manufacturing PMI falls

China's Caixin/S&P Global services PMI rose to 57.8 in March, up from 55.0 in February, the highest reading since November 2020. This marks the third consecutive month of growth following the lifting of the country's zero-Covid restrictions in December. A result over 50.0 indicates expansion.

The manufacturing PMI fell from 52.6 in February to 51.9 in March, according to data from the National Bureau of Statistics. February's figure indicated the fastest rate of growth in a decade. The non-manufacturing PMI grew from 56.3 in February to 58.2 in March, the highest level since May 2011, boosted primarily by a recovery in the services sector.



To view the latest Markets in a Minute video click [here](#).

The value of investments, and any income from them, can fall and you may get back less than you invested. Neither simulated nor actual past performance are reliable indicators of future performance. Performance is quoted before charges which will reduce illustrated performance. Investment values may increase or decrease as a result of currency fluctuations. Information is provided only as an example and is not a recommendation to pursue a particular strategy. We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell or offer to make a purchase or sale of such securities from time to time. In addition, we reserve the right to act as principal or agent with regard to the sale or purchase of any security mentioned in this document. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at www.brewin.co.uk. Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. Opinions expressed in this publication are not necessarily the views held throughout RBC Brewin Dolphin. Forecasts are not a reliable indicator of future performance.

RBC Brewin Dolphin is a trading name of Brewin Dolphin Limited. Brewin Dolphin Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register reference number 124444) and regulated in Jersey by the Financial Services Commission. Registered Office: 12 Smithfield Street, London, EC1A 9BD. Registered in England and Wales company number: 2135876. VAT number: GB 690 8994 69