

Essex Pension Fund Investment Steering Committee	ISC 03
Date: 28 February 2024	

Market Commentary: Quarter 4 2023

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This Report is for noting

Executive Summary

Report Type: Monitoring

Key highlights include:

- Q4 saw a turnaround with global economy growth driven by the resilience of the US market and stimulus in China; growth, however, is still expected to slow during 2024;
- equity markets rallied, giving their best return since 2019. Global equities returned 6.3% in Q4 with Europe ex UK and Pacific ex Japan the standout performing regions in sterling terms;
- inflation fell more than expected across major advanced economies in Q4, boosting investors' hopes of earlier and larger rate cuts than previously forecast;
- the easing of inflation concerns and weak growth should improve sentiment towards conventional bonds; and
- the fall in inflation has also slightly improved the fundamental outlook for UK commercial property.

1. Purpose of Report

1.1 To update the ISC on recent market conditions.

2. Recommendation

2.1 That the Committee should note the content of the report.