








UK markets responded positively at month end after the UK's 2022 Q4 GDP data was revised upwards, indicating that a recession had been avoided in the second half of 2022. Slower-than-expected inflation data in the US added to hopes of a pause in interest rate hikes from the Federal Reserve.

In the UK, the FTSE 100 ended March on 7,7631.74, a loss of 3.10% in the month. The domestically focused FTSE 250 closed the month down 4.90% on 18,928.30, while the FTSE AIM closed March on 809.27, a monthly loss of 5.83%.

Across the pond, the Dow Jones index closed March up 1.89% on 33,274.15, while the NASDAQ closed the month up 6.69% on 12,221.91. On the continent, the Euro Stoxx 50 closed the month on 4,315.05, registering a gain of 1.81%. In Japan, the Nikkei 225 closed March up 2.17%, on 28,041.48.

On the foreign exchanges, the euro closed the month at €1.13 against sterling. The US dollar closed at \$1.23 against sterling and at \$1.08 against the euro.

Gold closed the month trading at around \$1,979 a troy ounce, a monthly gain of around 8%. The gold price continues to rise as demand for the precious metal holds firm with expectations

Index	Value (31/03/23)	% Movement (since 28/02/23)
 FTSE 100	7,631.74	▼ -3.10%
 FTSE 250	18,928.30	▼ -4.90%
 FTSE AIM	809.27	▼ -5.83%
 EURO STOXX 50	4,315.05	▲ +1.81%
 NASDAQ COMPOSITE	12,221.91	▲ +6.69%
 DOW JONES	33,274.15	▲ +1.89%
 NIKKEI 225	28,041.48	▲ +2.17%

of the Fed easing interest rate hikes and a crisis of confidence in some major European lenders and US regional banks. Brent crude closed the month trading at around \$80 a barrel, a monthly loss of around 4.5%.

UK pay growth slows

Both official statistics and survey data released during the past month suggest that the rate of growth in wages may have started to stall.

The latest pay data published by ONS showed that average weekly earnings excluding bonuses rose at an annual rate of 6.5% in the three months to January. This compares with a figure of 6.7% in the October-to-December period, the first slowdown recorded in this measure of wage growth since late 2021.

Additionally, the data revealed that growth in pay levels continues to be outstripped by rising prices. After adjusting for inflation, regular pay actually fell by 2.4% in the three months to January compared to the same period a year earlier. This represents one of the largest falls in real wages since comparable records began in 2001.

Recently released research also suggests that the rate of growth in pay may now have passed its peak. According to a survey of 266 organisations conducted by HR specialists XpertHR, UK employers expect to see a slight fall in pay awards over the course of this year, with pay settlements as a whole predicted to average 5% during 2023, down slightly from the current level of around 6%.

Retail sales rise in February

The latest official retail sales statistics have revealed another surprise monthly jump in sales volumes, while more recent survey evidence points to emerging "shoots of optimism" within the retail sector.

According to ONS data, sales volumes rose by 1.2% in February, the largest monthly gain since October last year. Data revisions also revealed that sales in the previous month grew more strongly than originally reported, with January's figure revised up to a 0.9% rise.

ONS Director of Economic Statistics Darren Morgan, however, did note that the broader picture remains "subdued" with price rises continuing to hit consumer spending power. Mr Morgan added, "In the latest month, discount department stores performed strongly with food shops also doing well as consumers, confronted with cost-of-living pressures, cut back on eating out or purchasing takeaways."

Survey data released last month though did highlight further signs of positivity with GfK's consumer confidence index hitting its highest level in a year. March's CBI Distributive Trades Survey also reported the first positive sales expectations amongst retailers for seven months, with CBI Principal Economist Martin Sartorius commenting, "Activity in the retail sector showed signs of stabilising after a challenging winter. This resilience has helped inspire some spring shoots of optimism."

All details are correct at the time of writing (03 Apr 2023).

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

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