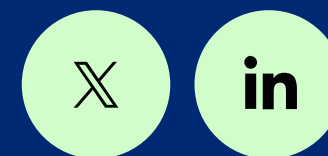


# Weekly Market Commentary

19 August 2024



## In summary

- A decent week's performance as US equities move within touching distance of record highs.
- Central banks are the centre of attention, as US Federal Reserve Chair Powell due to speak at Jackson Hole symposium.
- More push-back for lingering recession fears, as data suggests UK most competitive market for hiring in three years.
- Markets have seen a remarkable recovery in sentiment following early August hiatus.





## Friday saw markets on the whole managing to hold on to lock-in a decent week's performance for investors overall.

For the US S&P500 equity index, it has now notched up its best seven-day run since October 2022 and has moved to within 2% of its all-time high in US\$ terms. Over in Europe, the pan-European STOXX600 equity index was also up on Friday and for the week as a whole. Meanwhile, in commodities, Gold was a notable performer, up +3.16% in US\$ terms for the week, to over US\$2,500 per ounce for the first time ever.

Central banks are going to be the centre of attention this week. In the US, the Federal Reserve Bank of Kansas City is hosting its annual monetary policy symposium at Jackson Hole, Wyoming, later this week from 22 to 24 August. The title for this year's gathering is "Reassessing the Effectiveness and Transmission of Monetary Policy". US Federal Reserve (Fed) Chair Powell is scheduled to speak at 3pm UK time on Friday - the timing is key, given markets are expecting the first Fed interest rate cut to come next month, and in the past, Powell has used Jackson Hole to signal policy intent. Other scheduled Jackson Hole speakers this week include Bank of England Governor Bailey on Friday and European Central Bank Chief Economist Lane on Saturday.

Corroborating recent resilient UK labour market data, is upbeat data out from UK job-search site Adzuna. Adzuna's latest data showed the number of UK job vacancies rising +1.1% in July to 862,043. Meanwhile, the number of people looking for work also increased. As reported by Bloomberg, the data suggests it is the most competitive market for hiring since the UK was emerging from Covid-19 lockdowns back in May 2021. With UK companies stepping up advertising for jobs for the first time this year, Adzuna said that the data reflected "optimism about the UK economy ... [and that] confidence is even extending into junior level hiring."

Following the markets' hiatus earlier this month, recession fears have continued to recede. As a marker of the speed of recovery in investors' confidence in just the past two weeks, expectations for the scale of interest rate cuts out from the Fed in September have plummeted. Two weeks ago, on 5 August, markets were fully pricing in a 0.50% point cut from the Fed at their meeting in September. Then, one week ago, the probability of such a cut was down to just over a coin-toss at a 55% probability. Currently, such a cut is only just over a 30% probability. Whether these expectations continue to edge lower depends a lot on what Fed Chair Powell says later this week.

## Economic indicators (week beginning 12 August 2024)

Day	Data Release	Consensus	Prior	Actual
<b>Tue</b>	Germany ZEW Survey Expectations Aug	34.0	41.8	19.2
	Japan PPI YoY Jul	3.1%	2.9%	3.0%
	Germany ZEW Survey Current Situation Aug	-74.5	-68.9	-77.3
	United Kingdom Jobless Claims Change Jul	--	32.3k	135.0k
	United States PPI Final Demand MoM Jul	0.2%	0.2%	0.1%
	United Kingdom ILO Unemployment Rate 3Mths Jun	4.5%	4.4%	4.2%
	Australia Westpac Consumer Conf SA MoM Aug	--	-1.1%	2.8%
	United Kingdom Claimant Count Rate Jul	--	4.4%	4.7%
<b>Wed</b>	United Kingdom CPI YoY Jul	2.3%	2.0%	2.2%
	United States CPI MoM Jul	0.2%	-0.1%	0.2%
	United Kingdom CPI MoM Jul	-0.1%	0.1%	-0.2%
	United States CPI YoY Jul	3.0%	3.0%	2.9%
	France CPI YoY Jul F	2.3%	2.3%	2.3%
	United Kingdom CPI Core YoY Jul	3.4%	3.5%	3.3%
	United States MBA Mortgage Applications 40026	--	6.9%	16.8%

Day	Data Release	Consensus	Prior	Actual
<b>Thu</b>	Japan Industrial Production MoM Jun F	--	-3.6%	-4.2%
	United States Initial Jobless Claims 40391	236k	233k	227k
	Japan GDP SA QoQ 2Q P	0.6%	-0.5%	0.8%
	Australia Unemployment Rate Jul	4.1%	4.1%	4.2%
	Japan GDP Annualized SA QoQ 2Q P	2.3%	-1.8%	3.1%
	United Kingdom GDP QoQ 2Q P	0.6%	0.7%	0.6%
	Australia Employment Change Jul	20.0k	50.2k	58.2k
	United Kingdom GDP YoY 2Q P	0.9%	0.3%	0.9%
	United States Retail Sales Advance MoM Jul	0.4%	0.0%	1.0%
	United Kingdom Industrial Production MoM Jun	0.1%	0.2%	0.8%
	China Industrial Production YoY Jul	5.2%	5.3%	5.1%
	United States Industrial Production MoM Jul	-0.3%	0.6%	-0.6%
	United Kingdom Manufacturing Production MoM Jun	0.2%	0.4%	1.1%
	Japan GDP Deflator YoY 2Q P	2.6%	3.4%	3.0%
China Retail Sales YoY Jul	2.6%	2.0%	2.7%	
United States Empire Manufacturing Aug	-5.5	-6.6	-4.7	
<b>Fri</b>	United States U. of Mich. Sentiment Aug P	66.9	66.4	67.8
	Japan Tertiary Industry Index MoM Jun	0.3%	-0.4%	-1.3%
	United States Housing Starts Jul	1335k	1353k	1238k
	China Money Supply M2 YoY Jul	6.0%	6.2%	6.3%
	United Kingdom Retail Sales Inc Auto Fuel MoM Jul	0.6%	-1.2%	0.5%
	United Kingdom Retail Sales Inc Auto Fuel YoY Jul	1.4%	-0.2%	1.4%
	United Kingdom Total Business Investment YoY 2Q P	--	-1.0%	-1.1%

Source: Bloomberg, data accessed 19 August 2024.

## Economic indicators (week beginning 19 August 2024)

Day	Data Release	Consensus	Prior
<b>Mon</b>	Japan Core Machine Orders MoM Jun	0.9%	-3.2%
	United States Leading Index Jul	-0.4%	-0.2%
<b>Tue</b>	Canada CPI YoY Jul	2.5%	2.7%
	Canada CPI NSA MoM Jul	0.4%	-0.1%
<b>Wed</b>	United States MBA Mortgage Applications 42583	--	16.8%
<b>Thu</b>	United States Initial Jobless Claims 42948	231k	227k
	France HCOB France Manufacturing PMI Aug P	44.5	44.0
	France HCOB France Services PMI Aug P	50.3	50.1
	Japan Jibun Bank Japan PMI Mfg Aug P	--	49.1
	Germany HCOB Germany Manufacturing PMI Aug P	43.3	43.2
	United Kingdom S&P Global UK Manufacturing PMI Aug P	52.2	52.1
	United States S&P Global US Manufacturing PMI Aug P	49.8	49.6
	France HCOB France Composite PMI Aug P	49.2	49.1
	United States Existing Home Sales Jul	3.93m	3.89m
	<b>Fri</b>	Japan Natl CPI YoY Jul	2.7%
United States New Home Sales Jul		624k	617k

Source: Bloomberg, data accessed 19 August 2024.

## Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
<b>MSCI UK GBP</b>	2379	1.80%	2.14%	7.38%	10.70%
<b>MSCI USA USD</b>	5283	3.96%	4.01%	16.06%	16.77%
<b>MSCI Europe ex UK EUR</b>	203	2.49%	2.52%	6.01%	8.17%
<b>MSCI AC Asia ex JPN USD</b>	569	2.81%	2.89%	7.51%	9.39%
<b>MSCI Japan JPY</b>	1655	8.34%	8.34%	14.30%	15.39%
<b>MSCI Emerging Markets USD</b>	1094	2.84%	2.90%	6.83%	8.84%
<b>Barclays Sterling Gilts GBP</b>	233		0.31%		-0.22%
<b>GOLD USD</b>	2508	3.15%		21.57%	
<b>WTI Oil USD</b>	77	-0.25%		6.98%	
<b>MSCI PIMFA Income</b>		1.42%	1.50%	5.51%	7.20%
<b>MSCI PIMFA Balanced</b>		1.70%	1.79%	6.49%	8.14%
<b>MSCI PIMFA Growth</b>		2.09%	2.19%	8.41%	9.99%

Source: Bloomberg, MSCI: please see important information, data accessed 19 August 2024.  
YTD denotes year to date, TR denotes total return and CR denotes capital return.

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