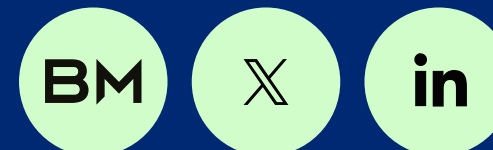


FOR PROFESSIONAL ADVISERS ONLY

Weekly Market Commentary

09 September 2024



In summary

- Latest US labour market data is weaker-than-expected, sealing a dismal week's performance for equity markets
- China equity market bulls throw in the towel, with latest inflation data adding to economic slowdown fears
- An inflation double-header arrives this week, with US consumer and producer price data both due
- With the US Presidential election less than two months away, politics likely moves back into the driving seat for markets



A weaker-than-expected US labour non-farm payrolls report on Friday sealed a dismal week's performance for the US S&P500 equity index.

It was the index's worst weekly performance since March last year when markets were reeling from regional bank worries in the US. Driving the latest equity market sell-off, August US non-farms payrolls saw +142,000 jobs added, falling below a Bloomberg median estimate of +165,000. Adding in a data revision of a cumulative -86,000 reduction in payroll increases for the prior two months, it left the 3-month US job-gain average at its lowest level for around 4 years.

To take a step back, let's not forget the US is still adding jobs, but there are growing signs of a slowing in the labour data. Underscoring that relative US labour market weakness, on Friday, US Federal Reserve (Fed) Governor Christopher Waller said that the latest labour data "no longer requires patience, it requires action", and that "I am open-minded about the size and pace of cuts ... if the data suggests the need for larger cuts, then I will support that".

Looking forward to the week ahead, the focus will shift from jobs to inflation, with both US consumer inflation and US producer inflation prints due out. Meanwhile, over in Europe, the European Central Bank is expected to deliver the second interest rate cut of its current monetary policy cycle on Thursday.

In recent weeks, some hitherto high-profile bulls have been throwing in the towel on Chinese equities, in a sign of growing impatience for a turnaround in both the China economic and stock market fortunes.

Reported by Bloomberg, since mid-August no less than three long-standing China bulls, JPMorgan, Nomura, and UBS have all downgraded their outlook on Chinese equities, all cutting to neutral.

Concerns cited have ranged from the ongoing property slump in China, to underwhelming stimulus measures by Beijing, to concerns around geopolitical tensions running into US elections in November. Helpfully, these were all reasons which prompted our own reduction and downgrade on China equities exposure at the start of this year.

Meanwhile, to Friday's close the China CSI 300 equity index is down -5.8% so far in 2024 (in local currency, price return), ranking China amongst the world's worst-performing major markets this year. Adding to the woes, earlier this morning, the latest China inflation data missed to the downside, adding to economic slowdown fears there.

After a weaker-than-expected jobs report last week, the Fed can probably well do without any additional problems for its dual mandate (targeting maximum employment and stable prices) from this week's inflation data. We are due to get a US Consumer Price Index (CPI) inflation print on Wednesday, followed by Producer Price Index (PPI) data on Thursday. These are the last inflation prints ahead of the Fed's next scheduled meeting next week on 17-18 September.

In terms of the market consensus for consumer inflation, the annual US CPI all-items print is expected to come in at +2.6% for August, which would be down from July's +2.9%. As for core CPI (excluding energy and food), the annual print is expected to be +3.2%, which would be unchanged from July.

Lately, investors have been laser-focused on the health of the US economy, and in turn, of jobs and inflation. As a result, politics has been taking a bit of a back seat. That likely changes this week as the run-up to the US presidential election on 5th November, less than 2 months away now, gets going in earnest.

Tomorrow sees the first TV debate between Democrat Presidential candidate Kamala Harris, and her Republican opposite Donald Trump. Meanwhile, in the latest polls, there are some signs that the Democrat 'honeymoon' period following Harris's elevation to Presidential candidate, replacing Biden, is possibly ending – according to a new US national poll from the New York Times and Siena College, a survey of registered voters between 3-6 September put Trump marginally ahead, on 48% share of the vote, versus Harris on 47%.

With the race to the White House still so closely balanced, it continues to make it hard for markets to decisively shift between different expected market outcomes depending on who wins.

Economic indicators (Week beginning 02 September 2024)

Day	Data Release	Consensus	Prior	Actual
Mon	France HCOB France Manufacturing PMI Aug F	42.1	42.1	43.9
	China Caixin China PMI Mfg Aug	50.0	49.8	50.4
	Japan Jibun Bank Japan PMI Mfg Aug F	--	49.5	49.8
	Italy HCOB Italy Manufacturing PMI Aug	48.5	47.4	49.4
	Germany HCOB Germany Manufacturing PMI Aug F	42.1	42.1	42.4
	United Kingdom S&P Global UK Manufacturing PMI Aug F	52.5	52.5	52.5
	Australia Building Approvals MoM Jul	2.8%	-6.5%	10.4%
	Japan Capital Spending YoY 2Q	10.0%	6.8%	7.4%
	Italy GDP WDA QoQ 2Q F	0.2%	0.2%	0.2%
	Australia Melbourne Institute Inflation MoM Aug	--	0.4%	-0.1%
Tue	United States ISM Manufacturing Aug	47.5	46.8	47.2
	Canada S&P Global Canada Manufacturing PMI Aug	--	47.8	49.5
	United States S&P Global US Manufacturing PMI Aug F	48.1	48.0	47.9
Wed	Canada Bank of Canada Rate Decision 38231	4.3%	4.5%	4.3%
	Australia GDP SA QoQ 2Q	0.2%	0.1%	0.2%
	United States Durable Goods Orders Jul F	9.9%	9.9%	9.8%
	France HCOB France Services PMI Aug F	55.0	55.0	55.0
	United States MBA Mortgage Applications 11171	--	0.01	1.60
	France HCOB France Composite PMI Aug F	52.7	52.7	53.1
	Australia GDP YoY 2Q	0.9%	1.1%	1.0%
	United States Factory Orders Jul	4.7%	-3.3%	5.0%
	United States Trade Balance Jul	-\$79.0b	-\$73.1b	-78.8

Day	Data Release	Consensus	Prior	Actual
Thu	United States Initial Jobless Claims 11536	165k	114k	142.0
	United States ADP Employment Change Aug	6.5%	6.4%	6.6%
	Germany Factory Orders MoM Jul	4.2%	4.3%	4.2%
	Australia Trade Balance Jul	-0.5%	1.4%	-2.4%
	United States ISM Services Index Aug	-0.3%	0.8%	-0.5%
		25.0k	-2.8k	22.1
Fri		--	-64.4k	65.7
	United States Change in Nonfarm Payrolls Aug	165k	114k	142.0
	Canada Unemployment Rate Aug	6.5%	6.4%	6.6%
	United States Unemployment Rate Aug	4.2%	4.3%	4.2%
	Germany Industrial Production SA MoM Jul	-0.5%	1.4%	-2.4%
	France Industrial Production MoM Jul	-0.3%	0.8%	-0.5%
	Canada Net Change in Employment Aug	25.0k	-2.8k	22.1
	Canada Part Time Employment Change Aug	--	-64.4k	65.7

Source: Bloomberg, data accessed 09 September 2024.

Economic indicators (Week beginning 09 September 2024)

Day	Data Release	Consensus	Prior
Mon	China CPI YoY Aug	0.7%	0.5%
	Japan GDP SA QoQ 2Q F	0.8%	0.8%
	Japan GDP Annualized SA QoQ 2Q F	3.2%	3.1%
	Japan BoP Current Account Balance Jul	¥2498.0b	¥1533.5b
	China PPI YoY Aug	-1.5%	-0.8%
	Japan GDP Deflator YoY 2Q F	3.0%	3.0%
	China Money Supply M2 YoY Aug	6.2%	6.3%
	United States Wholesale Inventories MoM Jul F	0.3%	0.3%
	Tue	Germany CPI YoY Aug F	1.9%
United Kingdom Jobless Claims Change Aug		--	135.0k
Germany CPI MoM Aug F		-0.1%	-0.1%
United Kingdom ILO Unemployment Rate 3Mths Jul		4.1%	4.2%
Italy Industrial Production MoM Jul		-0.2%	0.5%
China Trade Balance Aug		\$81.10b	\$84.65b
Australia Westpac Consumer Conf SA MoM Sep		--	2.8%
United Kingdom Claimant Count Rate Aug		--	4.7%
China Exports YoY Aug		6.6%	7.0%
Germany CPI EU Harmonized YoY Aug F		2.0%	2.0%
China Imports YoY Aug		2.5%	7.2%
Japan Money Stock M2 YoY Aug		--	1.4%
Wed		United States CPI MoM Aug	0.2%
	United States CPI YoY Aug	2.6%	2.9%
	United Kingdom Industrial Production MoM Jul	0.3%	0.8%
	United States MBA Mortgage Applications 38961	--	1.6%
	United Kingdom Manufacturing Production MoM Jul	0.2%	1.1%
	United States CPI Ex Food and Energy MoM Aug	0.2%	0.2%

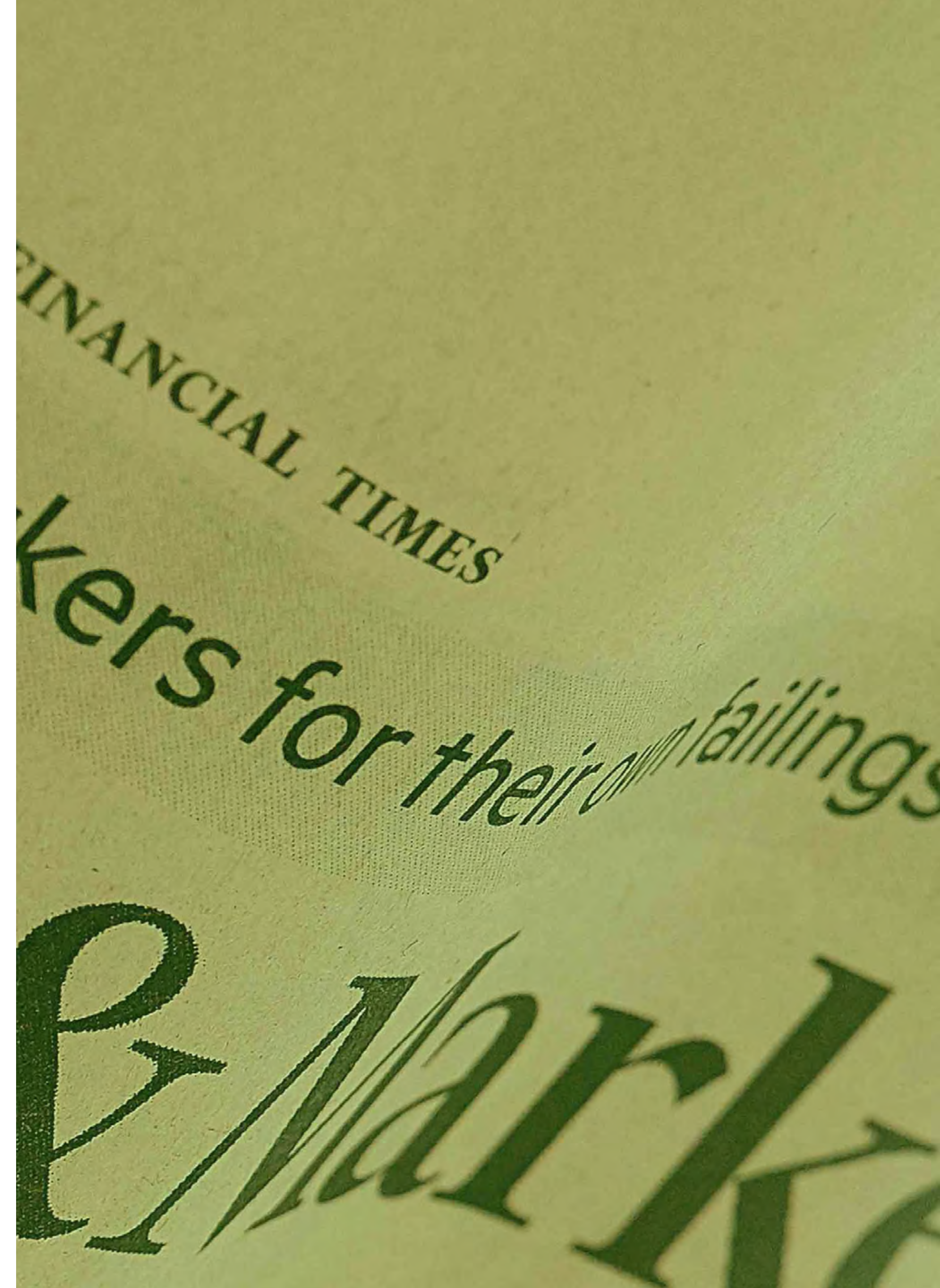
Day	Data Release	Consensus	Prior
Thu	United States Initial Jobless Claims 39326	230k	227k
	Eurozone ECB Main Refinancing Rate 41153	3.7%	4.3%
	Japan PPI YoY Aug	2.8%	3.0%
	Eurozone ECB Deposit Facility Rate 41153	3.5%	3.8%
	United States PPI Final Demand MoM Aug	0.1%	0.1%
	Eurozone ECB Marginal Lending Facility 41153	3.9%	4.5%
Fri	Japan Industrial Production MoM Jul F	--	2.8%
	France CPI YoY Aug F	1.9%	1.9%
	United States U. of Mich. Sentiment Sep P	68.5	67.9
	France CPI EU Harmonized YoY Aug F	2.2%	2.2%
	United States Import Price Index MoM Aug	-0.2%	0.1%

Source: Bloomberg, data accessed 09 September 2024.

Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2340	-2.37%	-2.33%	5.61%	9.05%
MSCI USA USD	5142	-4.31%	-4.29%	12.95%	13.71%
MSCI Europe ex UK EUR	201	-3.91%	-3.90%	4.82%	6.96%
MSCI AC Asia ex JPN USD	564	-2.25%	-2.14%	6.72%	8.81%
MSCI Japan JPY	1592	-4.90%	-4.90%	9.92%	10.99%
MSCI Emerging Markets USD	1075	-2.28%	-2.24%	5.00%	7.09%
Barclays Sterling Gilts GBP	235		1.02%		0.46%
GOLD USD	2497	-0.24%		21.06%	
WTI Oil USD	68	-7.99%		-5.55%	
MSCI PIMFA Income		-1.58%	-1.55%	3.93%	5.73%
MSCI PIMFA Balanced		-2.10%	-2.07%	4.39%	6.14%
MSCI PIMFA Growth		-2.81%	-2.78%	5.60%	7.25%

Source: Bloomberg, MSCI: please see important information, data accessed 09 September 2024.
YTD denotes year to date, TR denotes total return and CR denotes capital return.



Important information

The information in this document does not constitute advice or a recommendation and investment decisions should not be made on the basis of it. This document is for the information of the recipient only and should not be reproduced, copied or made available to others. The price of investments and the income from them may go down as well as up and neither is guaranteed. Investors may not get back the capital they invested. Past performance is not a reliable indicator of future results.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages www.msci.com

Brooks Macdonald is a trading name of Brooks Macdonald Group plc used by various companies in the Brooks Macdonald group of companies. Brooks Macdonald Asset Management Limited is regulated by the Financial Conduct Authority. Registered in England No 03417519. Registered office: 21 Lombard Street, London EC3V 9AH.

Brooks Macdonald International is a trading name of Brooks Macdonald Asset Management (International) Limited. Brooks Macdonald Asset Management (International) Limited is licensed and regulated by the Jersey Financial Services Commission. Its Guernsey branch is licensed and regulated by the Guernsey Financial Services Commission and its Isle of Man branch is licensed and regulated by the Isle of Man Financial Services Authority. In respect of services provided in the Republic of South Africa, Brooks Macdonald Asset Management (International) Limited is an authorised Financial Services Provider regulated by the South African Financial Sector Conduct Authority. Registered in Jersey No: 143275. Registered office: Third Floor, No.1 Grenville Street, St Helier, Jersey, JE2 4UF.

More information about the Brooks Macdonald Group can be found at brooksmacdonald.com