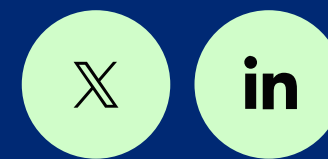


Weekly Market Commentary

23 September 2024



In summary

- Markets take a pause for breath after the latest stock market rally
- A busy calendar ahead this week with more central bank decisions due
- UK borrowing figures increase budget pressures for the new Chancellor
- With government adhering to fiscal rules, where tax hikes land will be key





After last Thursday's exuberant equity market rally, a period of digestion on Friday was not entirely unexpected.

All measured in local currency, price return terms, by Friday's close, the UK FTSE100 equity index was down -1.19% on the day, the pan-European STOXX600 was down -1.42%, and the US S&P500 equity was down -0.19%. Meanwhile in commodity markets, in part a function of a weaker US dollar given the outlook for more US Federal Reserve (Fed) interest rate cuts, the gold price reached a fresh record high on Friday, over US\$ 2,600 an ounce.

The global economic growth picture sees an update today with the latest flash (preliminary readings) Purchasing Manager Indices (PMI) for September. Also on the menu for news this week, we have central bank interest rate decisions due out from Australia (tomorrow), Sweden (Wednesday), and Switzerland (Thursday). Finally on Friday we get the latest US Personal Consumption Expenditures (PCE) price data – a key reading given it is the Fed's preferred inflation measure.

The pressure is mounting for the new Labour government's Chancellor Rachel Reeves ahead of her upcoming maiden budget on 30 October. Last Friday, the UK Office for National Statistics published data showing higher-than-expected government borrowing between April and August. The UK national debt (defined as public sector net debt excluding public sector banks) has now hit 100% of UK Gross Domestic Product (GDP).

The latest UK public borrowing figures have once again sharpened investors' focus on the government's budget at the end of October. With Chancellor Reeves having already committed to continue to adhere to existing fiscal rules, it means tax hikes are a racing certainty. But what taxes, and where they might fall on businesses and households will be what is important for the shape of the UK's economic growth outlook.

Economic indicators (week beginning 16 September 2024)

Day	Data Release	Consensus	Prior	Actual
Mon	Italy CPI EU Harmonized YoY Aug F	1.3%	1.3%	1.2%
	United States Empire Manufacturing Sep	-4.3	-4.7	11.5
Tue	Germany ZEW Survey Expectations Sep	17.0	19.2	3.6
	Canada CPI YoY Aug	2.1%	2.5%	2.0%
	Germany ZEW Survey Current Situation Sep	-80.0	-77.3	-84.5
	United States Retail Sales Advance MoM Aug	-0.2%	1.0%	0.1%
	Canada CPI NSA MoM Aug	0.0%	0.4%	-0.2%
	United States Industrial Production MoM Aug	0.2%	-0.6%	0.8%
	Japan Tertiary Industry Index MoM Jul	0.9%	-1.3%	1.4%
Wed	United States FOMC Rate Decision (Upper Bound) 43344	5.3%	5.5%	5.0%
	United Kingdom CPI YoY Aug	2.2%	2.2%	2.2%
	United Kingdom CPI MoM Aug	0.3%	-0.2%	0.3%
	United Kingdom CPI Core YoY Aug	3.6%	3.3%	3.6%
	Japan Core Machine Orders MoM Jul	0.5%	2.1%	-0.1%
	United States MBA Mortgage Applications 41518	--	1.4%	14.2%
	United States Housing Starts Aug	1320k	1238k	1356k
Thu	United Kingdom Bank of England Bank Rate 43709	5.0%	5.0%	5.0%
	United States Initial Jobless Claims 41883	230k	230k	219k
	Australia Unemployment Rate Aug	4.2%	4.2%	4.2%
	Australia Employment Change Aug	26.0k	58.2k	47.5k
	United States Existing Home Sales Aug	3.90m	3.95m	3.86m
	United States Leading Index Aug	-0.3%	-0.6%	-0.2%
Fri	Japan Natl CPI YoY Aug	3.0%	2.8%	3.0%
	Japan BOJ Target Rate 44075	0.3%	0.3%	0.3%
	United Kingdom Retail Sales Inc Auto Fuel MoM Aug	0.3%	0.5%	1.0%
	United Kingdom Retail Sales Inc Auto Fuel YoY Aug	1.3%	1.4%	2.5%
	Italy Trade Balance EU Jul	--	-1045m	642m

Source: Bloomberg, data accessed 23 September 2024.

Economic indicators (week beginning 23 September 2024)

Day	Data Release	Consensus	Prior
Mon	France HCOB France Manufacturing PMI Sep P	44.2	43.9
	France HCOB France Services PMI Sep P	53.1	55.0
	Germany HCOB Germany Manufacturing PMI Sep P	42.3	42.4
	United Kingdom S&P Global UK Manufacturing PMI Sep P	52.2	52.5
	United States S&P Global US Manufacturing PMI Sep P	48.6	47.9
	France HCOB France Composite PMI Sep P	51.5	53.1
Tue	Australia RBA Cash Rate Target 45536	4.4%	4.4%
	Germany IFO Business Climate Sep	86.0	86.6
	United States Conf. Board Consumer Confidence Sep	104.0	103.3
	Japan Jibun Bank Japan PMI Mfg Sep P	--	49.8
Wed	United States MBA Mortgage Applications 44075	--	14.2%
	United States New Home Sales Aug	700k	739k
Thu	United States Initial Jobless Claims 44440	225k	219k
	Italy Manufacturing Confidence Sep	87.1	87.1
	United States GDP Annualized QoQ 2Q T	3.0%	3.0%
	United States Durable Goods Orders Aug P	-2.8%	9.8%
	Italy Consumer Confidence Index Sep	97.0	96.1
Fri	France CPI YoY Sep P	1.6%	1.8%
	United States U. of Mich. Sentiment Sep F	69.4	69.0
	Japan Tokyo CPI Ex-Fresh Food YoY Sep	2.0%	2.4%
	United States Personal Income Aug	0.4%	0.3%
	United States Personal Spending Aug	0.3%	0.5%
	Germany Unemployment Change (000's) Sep	11.0k	2.0k
	Canada GDP MoM Jul	0.1%	0.0%
	United States Wholesale Inventories MoM Aug P	0.2%	0.2%
	France Consumer Spending YoY Aug	-0.6%	-0.6%

Source: Bloomberg, data accessed 23 September 2024.

Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2348	-0.59%	-0.59%	5.98%	9.46%
MSCI USA USD	5427	1.40%	1.43%	19.23%	20.08%
MSCI Europe ex UK EUR	204	-0.49%	-0.48%	6.46%	8.65%
MSCI AC Asia ex JPN USD	584	2.70%	2.71%	10.44%	12.81%
MSCI Japan JPY	1622	2.88%	2.89%	11.98%	13.07%
MSCI Emerging Markets USD	1106	2.23%	2.26%	8.08%	10.37%
Barclays Sterling Gilts GBP	234		-1.09%		0.23%
GOLD USD	2622	1.71%		27.09%	
WTI Oil USD	72	4.76%		0.38%	
MSCI PIMFA Income		-0.22%	-0.18%	5.36%	7.27%
MSCI PIMFA Balanced		-0.12%	-0.09%	6.23%	8.08%
MSCI PIMFA Growth		-0.01%	0.02%	7.96%	9.71%

Source: Bloomberg, MSCI: please see important information, data accessed 23 September 2024.

YTD denotes year to date, TR denotes total return and CR denotes capital return.

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