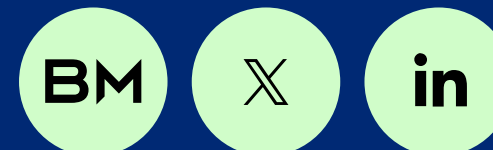


FOR PROFESSIONAL ADVISERS ONLY

# Weekly Market Commentary

07 October 2024



## In summary

- Last week sees a mixed performance in equity markets, but oil price rises on Middle East risks
- A knock-out US employment report floors market bear fears of US economic recession
- Earnings season comes around again for investors, as latest corporate Q3 results kick off this week
- A stronger US dollar is the flipside of better US economic data and rising geopolitical risks





Last week saw a somewhat mixed performance in equity markets globally, with stronger-than-expected US employment data competing against the latest rise in Middle East geopolitical fears.

Taking last Friday in isolation, it was a decent end to the week-long sentiment tug-of-war, with Friday seeing the US S&P500 equity index up +0.90% and the pan-European STOXX600 equity index up +0.44%, both in local currency price return terms. Over the week as a whole, the oil price was a notable gainer, with Brent crude oil up +8.43% on the week, to close out on Friday at US\$78.05, its strongest weekly gain since January last year.

Friday saw a knock-out US employment report, flooring those bears in the market who had been hitherto continuing to worry about the risk of the US economy tipping into recession. In terms of the numbers, the September report for the US non-farm payrolls saw a headline gain of +254,000 jobs added, which was massively above expectations from a Reuters survey that had been looking for +140,000, and the strongest job growth in six months. As well as upward revisions to jobs added across both July and August, the unemployment rate fell to 4.1% in September, versus an expectation for an unchanged 4.2% reading.

Despite our global approach to investment strategy and asset allocation, some weeks it can feel almost as if all the big news for markets is dominated by the US – this is probably one of those weeks. Later this week, the highlight is likely to be the latest US Consumer Price Index (CPI) inflation report for September due on Thursday, followed by the US Producer Price Index (PPI) inflation report a day later on Friday. Finally, this week also sees the start of the latest quarter earnings results season kick off, for calendar Q3, with several US banks due to report on Friday including bellwether JP Morgan.

The flipside of a better US employment report, and thereby diminished expectations for super-sized interest rate cuts out from the US Federal Reserve (Fed) going forward, is a stronger US dollar – the Bloomberg Dollar Spot Index during Friday's trading surged to its highest levels since mid-August. That is quite a sea-change of outlook – for context, it is worth remembering that around two weeks ago, the same US dollar index had nearly erased its gains for the year. All in all, coupled with the recent escalation in geopolitical risk arising from the Middle East in particular, a buoyed US dollar backdrop is another factor for investors to have to reflect on.

## Economic indicators (Week beginning 30 September 2024)

Day	Data Release	Consensus	Prior	Actual
<b>Mon</b>	Japan Industrial Production MoM Aug P	-0.5%	3.1%	-3.3%
	United Kingdom GDP QoQ 2Q F	0.6%	0.6%	0.5%
	China Manufacturing PMI Sep	49.4	49.1	49.8
	United Kingdom GDP YoY 2Q F	0.9%	0.9%	0.7%
	Italy CPI EU Harmonized YoY Sep P	0.8%	1.2%	0.8%
	China Caixin China PMI Mfg Sep	50.5	50.4	49.3
	Germany CPI YoY Sep P	1.7%	1.9%	1.6%
	Italy CPI EU Harmonized MoM Sep P	1.2%	-0.1%	1.2%
	Germany CPI MoM Sep P	0.1%	-0.1%	0.0%
	United Kingdom Nationwide House PX MoM Sep	0.2%	-0.2%	0.7%
	United Kingdom Nationwide House Px NSA YoY Sep	2.7%	2.4%	3.2%
	United Kingdom Mortgage Approvals Aug	63.9k	62.0k	64.9k
	United States MNI Chicago PMI Sep	46.0	46.1	46.6
	Germany CPI EU Harmonized YoY Sep P	1.8%	2.0%	1.8%
<b>Tue</b>	Japan Jobless Rate Aug	2.6%	2.7%	2.5%
	France HCOB France Manufacturing PMI Sep F	44.0	44.0	44.6
	United States ISM Manufacturing Sep	47.6	47.2	47.2
	Japan Jibun Bank Japan PMI Mfg Sep F	--	49.6	49.7
	Italy HCOB Italy Manufacturing PMI Sep	49.0	49.4	48.3
	Germany HCOB Germany Manufacturing PMI Sep F	40.3	40.3	40.6
	United Kingdom S&P Global UK Manufacturing PMI Sep F	51.5	51.5	51.5
	Canada S&P Global Canada Manufacturing PMI Sep	--	49.5	50.4
	United States S&P Global US Manufacturing PMI Sep F	47.0	47.0	47.30
	Australia Retail Sales MoM Aug	0.4%	0.0%	0.7%
	Japan Tankan Large Mfg Index 3Q	12.0	13.0	13.0

Day	Data Release	Consensus	Prior	Actual
	Japan Job-To-Applicant Ratio Aug	1.2	1.2	1.2
	Australia Building Approvals MoM Aug	-4.3%	10.4%	-6.1%
	Japan Tankan Large All Industry Capex 3Q	11.9%	11.1%	10.6%
	Japan Tankan Large Mfg Outlook 3Q	12.0	14.0	14.0
	Japan Tankan Large Non-Mfg Index 3Q	32.0	33.0	34.0
<b>Wed</b>	United States ADP Employment Change Sep	125k	99k	143k
	United States MBA Mortgage Applications 46631	--	11.0%	-1.3%
<b>Thu</b>	United States Initial Jobless Claims 46997	221k	218k	225k
	United States Durable Goods Orders Aug F	0.0%	0.0%	0.0%
	France HCOB France Services PMI Sep F	48.3	48.3	49.6
	France HCOB France Composite PMI Sep F	47.4	47.4	48.6
	United States Factory Orders Aug	0.1%	5.0%	-0.2%
	Australia Trade Balance Aug	A\$5500m	A\$6009m	A\$5644m
	United States ISM Services Index Sep	51.6	51.5	54.9
<b>Fri</b>	United States Change in Nonfarm Payrolls Sep	146k	142k	254k
	United States Unemployment Rate Sep	4.2%	4.2%	4.1%
	France Industrial Production MoM Aug	0.3%	-0.5%	1.4%
	United Kingdom Total Business Investment YoY 2Q F	-1.1%	-1.1%	0.2%

Source: Bloomberg, data accessed 07 October 2024.

## Economic indicators (Week beginning 07 October 2024)

Day	Data Release	Consensus	Prior
<b>Mon</b>	Germany Factory Orders MoM Aug	-2.0%	2.9%
	Australia Melbourne Institute Inflation MoM Sep	--	-0.1%
<b>Tue</b>	Japan BoP Current Account Balance Aug	¥2955.9b	¥3193.0b
	Germany Industrial Production SA MoM Aug	0.8%	-2.4%
	United States Trade Balance Aug	-\$70.5b	-\$78.8b
	Australia Westpac Consumer Conf SA MoM Oct	--	-0.5%
<b>Wed</b>	United States MBA Mortgage Applications 38261	--	-1.3%
	United States Wholesale Inventories MoM Aug F	0.2%	0.2%
<b>Thu</b>	United States Initial Jobless Claims 38626	230k	225k
	United States CPI MoM Sep	0.1%	0.2%
	United States CPI YoY Sep	2.3%	2.5%
	Japan PPI YoY Sep	2.3%	2.5%
	Italy Industrial Production MoM Aug	0.4%	-0.9%
<b>Fri</b>	United States U. of Mich. Sentiment Oct P	70.5	70.1
	Germany CPI YoY Sep F	1.6%	1.6%
	Canada Unemployment Rate Sep	6.7%	6.6%
	United Kingdom Industrial Production MoM Aug	0.2%	-0.8%
	Germany CPI MoM Sep F	0.0%	0.0%
	United States PPI Final Demand MoM Sep	0.1%	0.2%
	United Kingdom Manufacturing Production MoM Aug	0.2%	-1.0%
	China Money Supply M2 YoY Sep	6.4%	6.3%
	Canada Net Change in Employment Sep	31.5k	22.1k
	Germany CPI EU Harmonized YoY Sep F	1.8%	1.8%
	Japan Eco Watchers Survey Outlook SA Sep	50.5	50.3

Source: Bloomberg, data accessed 07 October 2024.

## Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
<b>MSCI UK GBP</b>	2365	-0.34%	-0.32%	6.77%	10.38%
<b>MSCI USA USD</b>	5475	0.25%	0.27%	20.27%	21.16%
<b>MSCI Europe ex UK EUR</b>	206	-2.06%	-2.06%	7.43%	9.68%
<b>MSCI AC Asia ex JPN USD</b>	624	0.75%	0.75%	18.08%	20.65%
<b>MSCI Japan JPY</b>	1654	-1.99%	-1.99%	14.19%	16.19%
<b>MSCI Emerging Markets USD</b>	1179	0.41%	0.42%	15.20%	17.72%
<b>Barclays Sterling Gilts GBP</b>	230		-0.97%		-1.42%
<b>GOLD USD</b>	2654	-0.17%		28.63%	
<b>WTI Oil USD</b>	74	9.09%		3.81%	
<b>MSCI PIMFA Income</b>		0.28%	0.32%	5.96%	7.99%
<b>MSCI PIMFA Balanced</b>		0.49%	0.52%	7.24%	9.21%
<b>MSCI PIMFA Growth</b>		0.72%	0.75%	9.53%	11.39%

Source: Bloomberg, MSCI: please see important information, data accessed 07 October 2024.

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

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