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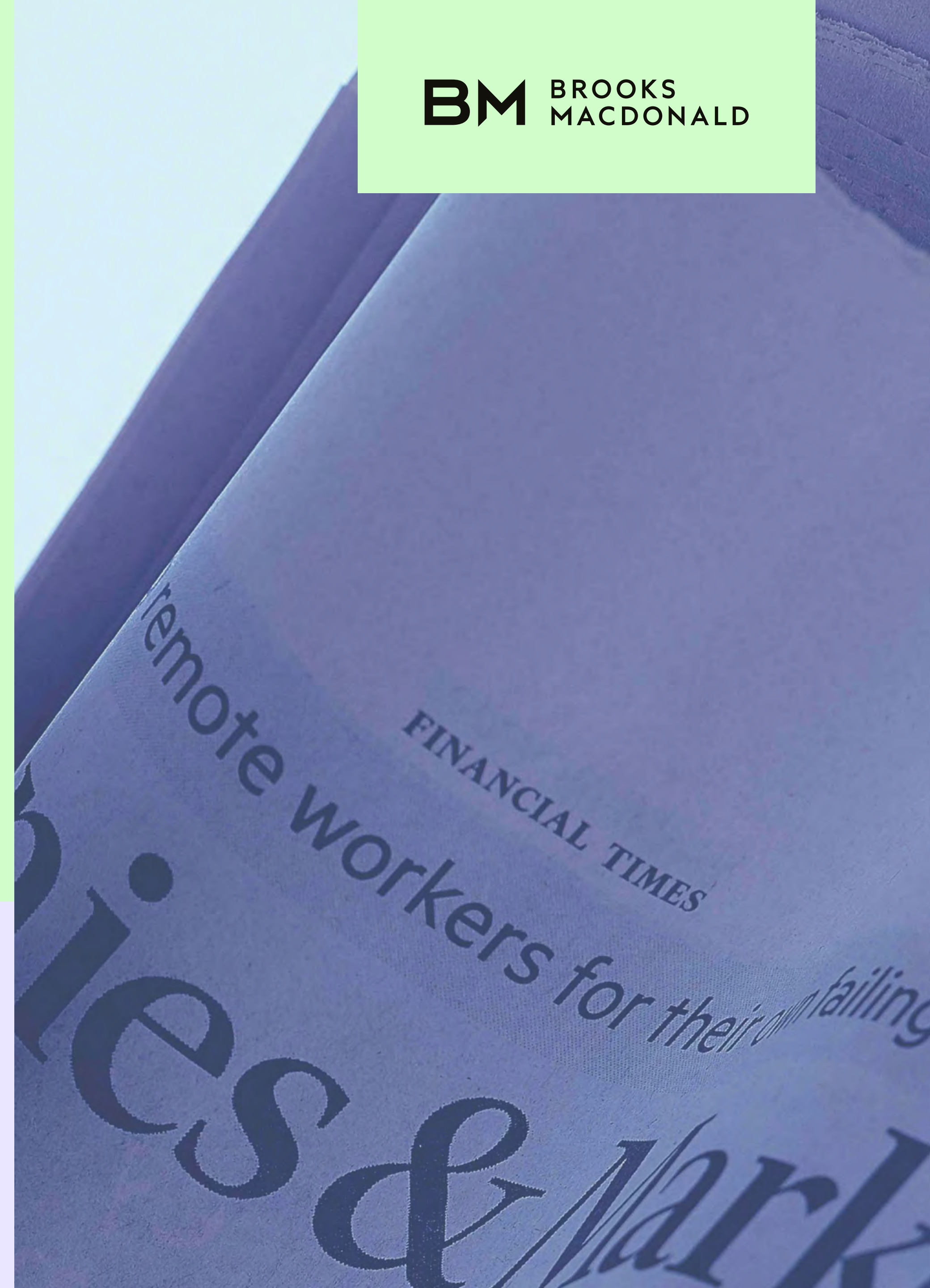
# Weekly Market Commentary

14 October 2024



## In summary

- A mixed performance across global equity markets last week
- China's latest stimulus announcement falls short on details
- European Central Bank meets, as markets expect another interest rate cut
- Latest calendar Q3 results reporting season gets into its stride



Last week saw mixed performance across equity markets globally. All in local currency price return terms, in the US the S&P500 equity index ended up +1.11% on the week, its fifth weekly consecutive gain, and closing at a new record high on Friday, its 45th such record this year.

More encouragingly, in a sign of the continued broadening of equity market performance outside of past US megacap technology leadership, the US KBW Bank equity index was up +3.98% on the week, with JPMorgan up +4.44% on the day on Friday after announcing strong results. Europe also saw gains, with the pan-European STOXX600 equity index rising +0.66% on the week. Meanwhile in China, the country's CSI300 equity index fell on Friday to cap a weekly loss of -3.3%, its biggest weekly drop since July and driven by disappointment at the lack of detail around China's recent stimulus promises.

China's Ministry of Finance (MoF) held its much anticipated briefing this past Saturday. Included in the briefing, local governments will be allowed to issue special bonds in order to buy up unsold homes and turn them into subsidised housing. But while more support was promised for the property sector, in turn implying more government borrowing, the briefing itself did not give a headline figure for fresh fiscal stimulus that markets have arguably been looking for, since Beijing policy makers first announced stimulus promises some three weeks ago now.

The European Central Bank (ECB) is due to meet on Thursday, and expectations are that it may cut interest rates by 25 basis points (bps). If the ECB does cut later this week, it would be its third-such-sized-cut since it started cutting rates back in June. No doubt feeding into the ECB's thinking this week, is the relatively weak economic growth outlook for the region this year – the German government last week revised down the country's Gross Domestic Product (GDP) growth forecast for the current calendar year 2024 to a contraction of -0.2%, and down from a previous positive +0.3% estimate back in April.

This week sees a lot more companies coming out with their latest calendar Q3 results. In terms of what to look out for, highlights include two key semiconductor firms, Dutch-listed ASML on Wednesday, and Taiwan Semiconductor Manufacturing Company on Thursday. Otherwise, US bank results will continue to drop after last week's strong JP Morgan results, with Bank of America, Citigroup, and Goldman Sachs all due tomorrow, while we have big healthcare companies reporting including UnitedHealth and Johnson & Johnson both tomorrow, and Abbott on Wednesday. Finally, look out for results from media-streaming company Netflix and asset manager Blackstone on Thursday and consumer goods company (and maker of Head & Shoulders shampoo) Procter & Gamble on Friday.

## Economic indicators (Week beginning 07 October 2024)

Day	Data Release	Consensus	Prior	Actual
<b>Mon</b>	Germany Factory Orders MoM Aug	-2.0%	2.9%	-5.8%
	Australia Melbourne Institute Inflation MoM Sep	--	-0.1%	0.1%
<b>Tue</b>	Japan BoP Current Account Balance Aug	¥2955.9b	¥3193.0b	¥3803.6b
	Germany Industrial Production SA MoM Aug	0.8%	-2.4%	2.9%
	United States Trade Balance Aug	-\$70.5b	-\$78.8b	-\$70.4b
	Australia Westpac Consumer Conf SA MoM Oct	--	-0.5%	6.2%
<b>Wed</b>	United States MBA Mortgage Applications 38261	--	-1.3%	-5.1%
	United States Wholesale Inventories MoM Aug F	0.2%	0.2%	0.1%
<b>Thu</b>	United States Initial Jobless Claims 38626	230k	225k	258k
	United States CPI MoM Sep	0.1%	0.2%	0.2%
	United States CPI YoY Sep	2.3%	2.5%	2.4%
	Japan PPI YoY Sep	2.3%	2.5%	2.8%
	Italy Industrial Production MoM Aug	0.4%	-0.9%	0.1%
<b>Fri</b>	United States U. of Mich. Sentiment Oct P	70.5	70.1	68.9
	Germany CPI YoY Sep F	1.6%	1.6%	1.6%
	Canada Unemployment Rate Sep	6.7%	6.6%	6.5%
	United Kingdom Industrial Production MoM Aug	0.2%	-0.8%	0.5%
	Germany CPI MoM Sep F	0.0%	0.0%	0.0%
	United States PPI Final Demand MoM Sep	0.1%	0.2%	0.0%
	United Kingdom Manufacturing Production MoM Aug	0.2%	-1.0%	1.1%
	China Money Supply M2 YoY Sep	6.4%	6.3%	6.3%
	Canada Net Change in Employment Sep	31.5k	22.1k	46.7k
	Germany CPI EU Harmonized YoY Sep F	1.8%	1.8%	1.8%
	Japan Eco Watchers Survey Outlook SA Sep	50.5	50.3	49.7

Source: Bloomberg, data accessed 14 October 2024.

## Economic indicators (Week beginning 14 October 2024)

Day	Data Release	Consensus	Prior
<b>Mon</b>	China Trade Balance Sep	\$90.50b	\$91.02b
	China Exports YoY Sep	6.0%	8.7%
<b>Tue</b>	Japan Industrial Production MoM Aug F	--	-3.3%
	Germany ZEW Survey Expectations Oct	10.0	3.6
	Canada CPI YoY Sep	1.8%	2.0%
	Germany ZEW Survey Current Situation Oct	-84.0	-84.5
	France CPI YoY Sep F	1.2%	1.2%
	United Kingdom Jobless Claims Change Sep	--	23.7k
	United Kingdom ILO Unemployment Rate 3Mths Aug	4.1%	4.1%
	Canada CPI NSA MoM Sep	-0.3%	-0.2%
	United States Empire Manufacturing Oct	3.6	11.5
	United Kingdom Claimant Count Rate Sep	--	4.7%
<b>Wed</b>	United Kingdom CPI YoY Sep	1.9%	2.2%
	United Kingdom CPI MoM Sep	0.1%	0.3%
	Italy CPI EU Harmonized YoY Sep F	0.8%	0.8%
	United Kingdom CPI Core YoY Sep	3.4%	3.6%
	Japan Core Machine Orders MoM Aug	0.2%	-0.1%
<b>Thu</b>	United States MBA Mortgage Applications 40817	--	-5.1%
	United States Initial Jobless Claims 41183	253k	258k
	Australia Unemployment Rate Sep	4.2%	4.2%
	Australia Employment Change Sep	25.0k	47.5k
	United States Retail Sales Advance MoM Sep	0.3%	0.1%
	United States Industrial Production MoM Sep	-0.1%	0.8%
	Japan Tertiary Industry Index MoM Aug	-0.3%	1.4%

Source: Bloomberg, data accessed 14 October 2024.

## Economic indicators (Week beginning 14 October 2024) cont.

Day	Data Release	Consensus	Prior
Fri	China GDP YoY 3Q	4.5%	4.7%
	Japan Natl CPI YoY Sep	2.5%	3.0%
	China Industrial Production YoY Sep	4.6%	4.5%
	United States Housing Starts Sep	1350k	1356k
	China Retail Sales YoY Sep	2.5%	2.1%
	China Money Supply M2 YoY Sep	6.4%	6.3%
	United Kingdom Retail Sales Inc Auto Fuel MoM Sep	-0.5%	1.0%
	United Kingdom CPIH YoY Sep	2.7%	3.1%

Source: Bloomberg, data accessed 14 October 2024.

## Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
<b>MSCI UK GBP</b>	2358	-0.31%	-0.27%	6.44%	10.07%
<b>MSCI USA USD</b>	5539	1.18%	1.20%	21.69%	22.61%
<b>MSCI Europe ex UK EUR</b>	208	1.02%	1.04%	8.52%	10.83%
<b>MSCI AC Asia ex JPN USD</b>	614	-1.74%	-1.74%	16.02%	18.56%
<b>MSCI Japan JPY</b>	1667	0.79%	0.79%	15.09%	17.11%
<b>MSCI Emerging Markets USD</b>	1160	-1.68%	-1.66%	13.27%	15.76%
<b>Barclays Sterling Gilts GBP</b>	229		-0.60%		-2.01%
<b>GOLD USD</b>	2657	0.11%		28.77%	
<b>WTI Oil USD</b>	76	1.59%		5.46%	
<b>MSCI PIMFA Income</b>		0.18%	0.22%	6.16%	8.23%
<b>MSCI PIMFA Balanced</b>		0.30%	0.34%	7.57%	9.58%
<b>MSCI PIMFA Growth</b>		0.45%	0.47%	10.01%	11.91%

Source: Bloomberg, MSCI: please see important information, data accessed 14 October 2024.

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

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