



# Weekly Investment Update

23<sup>rd</sup> August 2024

## News Headlines

**US Jobs Data** – On Wednesday, the Bureau of Labour Statistics (BLS) released preliminary revisions to nonfarm payroll numbers, indicating that job growth was significantly overestimated. According to the revised figures, the U.S. economy generated 818,000 fewer jobs than originally reported during the 12-month period ending in March 2024, marking the largest downward adjustment (-0.5%) since 2009. This adjustment suggests that average monthly job gains were actually around 174,000, rather than the previously reported 242,000. This has led to concerns that the labour market might be weaker than previously thought, however revisions were largely expected.

**Euro Zone Economy** – The Paris Olympics provided a temporary and unexpected boost to the eurozone economy, particularly enhancing private-sector growth. The S&P Global composite Purchasing Managers' Index (PMI) rose from 50.2 in July to 51.2 in August, indicating the fastest private-sector growth in three months and surpassing analysts' expectations. The services sector also experienced its highest growth since April, benefiting from the increased activity and spending associated with the Olympics. However, this positive impact is likely to be short-lived as despite the Olympic-driven gains in services, the manufacturing sector continued to decline during this period. Furthermore, while France saw a sharp uptick in growth, other major economies in the eurozone, such as Germany, experienced contractions that were more severe than anticipated.

## Market Summary

**Global Equities** – Global equities produced generally positive returns for the week as at Thursday's close. In the US, the S&P 500 index posted an 8<sup>th</sup> consecutive daily gain earlier in the week for the first time since November last year, coming within 1% of its all-time high. However, the index experienced a significant daily decline on Thursday, on the back of better than expected economic data and comments from Federal Reserve officials, which has increased scepticism over significant interest rate cuts. It finished the week positive by 0.32% as at Thursday's close. In Europe, the STOXX 600 index also saw 5 days of consecutive gains earlier in the week, largely driven by the automotive sector, and posted a 0.85% gain for the week as at Thursday's close. In Asia, both the Hong Kong Hang Seng index and Japan's Nikkei 225 index also ended the week positive.

**Commodities** – Commodity prices generally provided negative returns, with the Bloomberg Commodity index posting a -0.49% decline for the week as at Thursday's close. Oil prices declined significantly on the back of the weak U.S. employment data detailed above, as well as ceasefire talks in the Middle East which eased supply concerns. Gold prices hit record highs versus the US dollar earlier in the week, with spot prices reaching \$2,531.72 per ounce and gold futures rising to \$2,553.35 per ounce.

**Fixed Income** – US Treasury yields generally declined over the week, with markets pricing in significant rate cuts this year. However, yields did rise slightly on Thursday both in the US and Europe, due to increased scepticism regarding future rate cuts and better than expected economic data.

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**Address:**

Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



**Enquiries:**

0161 886 8000  
enquiries@ascenciaim.co.uk

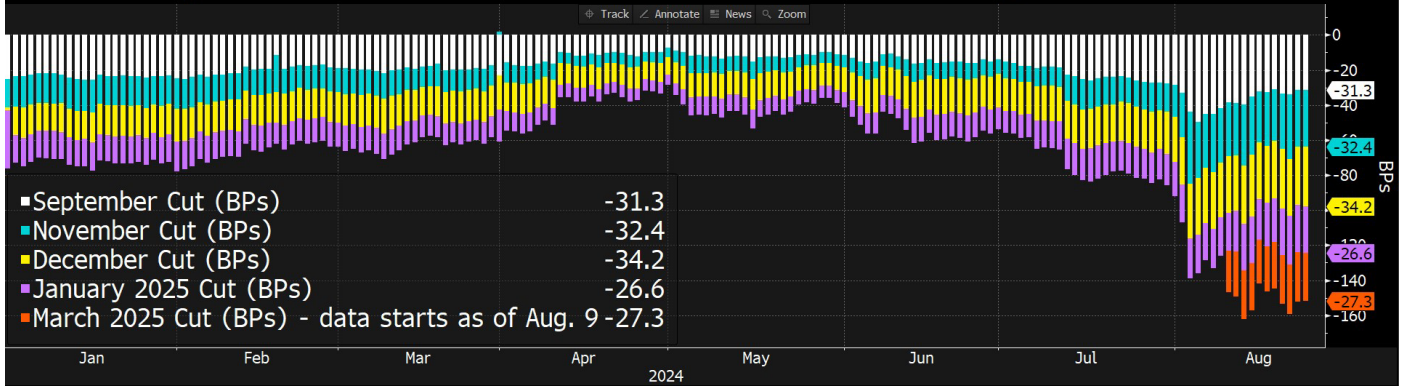


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## Chart of the Week

### Fed Cuts Become The Norm Markets price a cut each of the next five meetings



Source: Bloomberg

## Key Economic Releases Next Week

| Monday | Tuesday             | Wednesday | Thursday  | Friday   |
|--------|---------------------|-----------|---|--|
| -      | - Germany GDP (QoQ) | -         | - United States GDP (QoQ)<br>- United States Initial Jobless Claims | - Eurozone CPI (YoY)<br>- United States Core PCE Price Index (YoY) |

## Market Performance – 23/08/2024

| Global Market Indices | 2024 YTD %*       |
|-----------------------|-------------------|
| FTSE 100              | 10.26%            |
| S&P 500               | 17.84%            |
| STOXX 600             | 10.79%            |
| Nikkei 225            | 15.18%            |
| Hang Seng             | 7.04%             |
| Fixed Income          | Yield %           |
| UK 10 Yr Gilt         | 3.95%             |
| US 10 Yr Treasury     | 3.84%             |
| Commodities           | 2024 YTD %        |
| Gold                  | 20.03%            |
| Currency              |                   |
| GBP/USD               | 1.31 (23/08/2024) |
| GBP/EUR               | 1.18 (23/08/2024) |

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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