



# Weekly Investment Update

30<sup>th</sup> August 2024

## News Headlines

**Eurozone Inflation** – Inflation in the Eurozone fell sharply to 2.2% year-on-year in August as expected, down from 2.6% in July, due to lower energy prices across the region. Inflation in Europe's largest economy, Germany, also declined significantly to 2% year-on-year in August after July's reading of 2.6%, the lowest level since June 2021. August's Eurozone data came in just above the European Central Bank's target of 2%, supporting the case for another interest rate cut at the next meeting in September, and further rate cuts going forward.

**US Growth** – The US economy grew at an annual pace of 3% in the second quarter of 2024, fuelled by continued strong consumer spending and business investment despite high interest rates. The growth seen in the second quarter marked a sharp acceleration from the 1.4% growth rate seen in the first quarter and further emphasises resilience within the economy and the possibility of a soft landing. Despite the strong growth, the US Federal Reserve still looks poised to begin cutting interest rates in September. As a result, this has seen the US dollar lose value against most major currency in August, with the Bloomberg Dollar Spot index dropping almost 2% so far this month.

## Market Summary

**Global Equities** – Global equities posted slightly negative returns for the week as at Thursday's close but were mixed regionally. Equities in the UK and Europe both provided positive returns for the week, with Europe's STOXX 600 index closing Thursday near all-time highs. The German DAX index closed at an all-time high on Thursday. In Asia, The Hong Kong Hang Seng closed at its highest level in August, while equity indices in Japan (Nikkei 225 & TOPIX) moved past the turmoil seen a couple of weeks ago to close at their highest levels this month. In the US, the equally weighted S&P 500 and Dow Jones Industrial Average indices also hit fresh record-highs as the solid economic data out of the US outweighed disappointment about Nvidia's latest set of results.

**Commodities** – Commodity prices generally provided positive returns for the week as at Thursday's close. Oil prices (Brent crude & WTI) rose to finish the week higher on Middle East supply concerns. Gold prices hovered around the \$2,500 per ounce mark throughout the week and are on track for a second straight monthly gain due to the increased bets of a Federal Reserve interest rate cut in September.

**Fixed Income** – Strong economic data out of the US saw investors factor in less chance of a 0.50% Federal Reserve interest rate cut, which pushed US short-dated (2-year) Treasury yields higher (meaning prices fell) towards the end of the week. US Treasuries, however, are on track for their longest monthly winning streak since July 2021. Lower inflation readings in the Eurozone gave investors confidence that the European Central Bank were set to cut interest rates further in the coming months which saw European short-dated sovereign bond yields decline.

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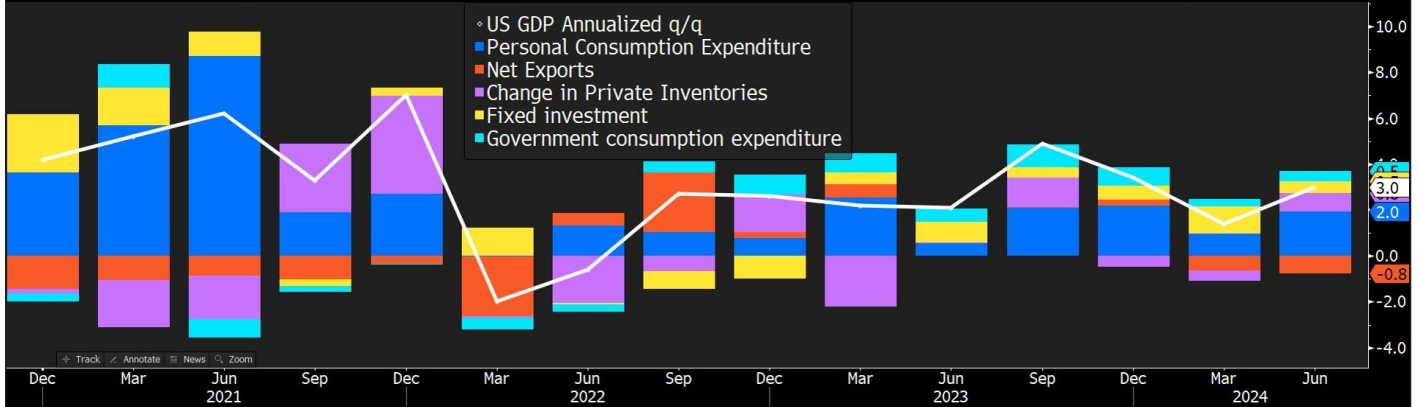


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## Chart of the Week

# US GDP Revised Higher in 2Q

## Consumer spending on goods and services remain strong



Source: Bloomberg – US gross domestic product revised higher in the second quarter

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- US ISM Manufacturing PMI	- Bank of Canada rate decision	- US ADP employment report	- US employment rate

## Market Performance – 30/08/2024

Global Market Indices	2024 YTD %*
FTSE 100	11.55%
S&P 500	18.31%
STOXX 600	12.72%
Nikkei 225	15.71%
Hang Seng	7.97%
Fixed Income	Yield %
UK 10 Yr Gilt	4.02%
US 10 Yr Treasury	3.86%
Commodities	2024 YTD %
Gold	21.41%
Currency	
GBP/USD	1.32 (30/08/2024)
GBP/EUR	1.19 (30/08/2024)

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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