

The Market Place

- Global equities were flat
- Japan saw its worst currency move since 1959 as the Yen/USD carry unwind caused a global rout
- Brent crude rose 3.7% to \$79.66 a barrel
- Gold fell 0.5% to \$2431.32 per ounce

US

US equities were flat

Volatility spiked in a 24-hour shock with the VIX index rising from 20 to 65

Goldman Sachs economists raised their odds for a US recession in the next year to 25% from 15% after the weak jobs report, but this week's employment data reassured the market with a 233k rise (vs 241k expected)

JP Morgan now sees a 35% chance the US will tip into recession by year-end, up from 25%. It also expects a 30% chance of the Fed and its peers keeping rates "high-for-long," compared with a 50-50 assessment as recently as two months ago

Donald Trump said presidents should have some say over interest rates and monetary policy, which would buck the Fed's tradition of political independence. He also proposed three September debates with Kamala Harris — on Fox, NBC and ABC.

UK

UK equities rose 0.2%

PM Sir Keir Starmer called for an emergency COBRA security meeting in a bid to quell anti-immigrant protests across the UK, adding that those responsible will be punished for what he described as "far-right thuggery"

UK July PMI (Purchasing Managers' Index) for Composite was 52.8 (vs 52.7 expected), Services 52.5 (vs 52.4)

UK Halifax House price index year on year for July was +2.3% (previously +1.9)

Europe

European equities fell 3.9%

German CPI (Consumer Price Index) month-on-month was in line with expectations at 0.3%

Retail sales volumes in the eurozone unexpectedly declined 0.3% sequentially in June after increasing 0.1% in May. This weakness reflected a drop in the sales of food, drinks, and tobacco

Asia / ROW

Global emerging market equities rose 0.3%

Japanese equities fell 2.1%, partially recovering after falling 12% on Monday, the most significant fall since 1959 and the worst Yen/USD move ever as investors unwound carry trades. On Thursday, JPMorgan thought 75% of the carry trade had been unwound

The Bank of Japan said they "won't be able to hike again this year, may conduct another hike by March"

Chinese equities rose 1.7%, July CPI Month-on-month was 0.5% (vs 0.3% expected), but factory-gate prices fell 0.8%, extending a deflationary run that began in late 2022



Performance

| Asset Class/Region | Currency | | | | |
|-------------------------------------|----------|---------------------------|------------------|----------|-----------|
| | | Week ending 9 Aug 2024 | Month to date | YTD 2024 | 12 Months |
| Developed Market Equities | | | | | |
| United States | USD | 0.0% | -3.2% | 12.7% | 20.9% |
| United Kingdom | GBP | 0.2% | -2.0% | 8.4% | 12.6% |
| Continental Europe | EUR | 0.5% | -3.5% | 5.5% | 10.6% |
| Japan | JPY | -2.1% | -11.1% | 6.2% | 11.3% |
| Asia Pacific (ex Japan) | USD | -0.1% | -2.2% | 6.3% | 8.7% |
| Australia | AUD | -2.1% | -3.9% | 4.4% | 10.2% |
| Global | USD | 0.0% | -3.4% | 9.8% | 17.6% |
| Emerging markets equities | | | | | |
| Emerging Europe | USD | -3.9% | -6.3% | 8.3% | 14.4% |
| Emerging Asia | USD | 0.1% | -2.0% | 8.5% | 9.5% |
| Emerging Latin America | USD | 6.1% | 2.6% | -12.6% | -2.3% |
| BRICs | USD | 0.9% | -0.9% | 6.3% | 4.7% |
| China | USD | 1.7% | -0.5% | 2.8% | -8.8% |
| MENA countries | USD | -2.4% | -2.9% | -2.8% | -0.3% |
| South Africa | USD | 0.0% | -3.4% | 6.3% | 12.2% |
| India | USD | -1.5% | -2.6% | 12.1% | 23.9% |
| Global emerging markets | USD | 0.3% | -1.9% | 5.8% | 8.2% |
| Bonds | | | | | |
| US Treasuries | USD | -0.9% | 0.9% | 2.3% | 5.3% |
| US Treasuries (inflation protected) | USD | -0.5% | 0.1% | 2.6% | 4.9% |
| US Corporate (investment grade) | USD | -0.8% | 0.4% | 2.9% | 8.3% |
| US High Yield | USD | 0.3% | -0.1% | 4.6% | 11.2% |
| UK Gilts | GBP | -0.6% | 0.5% | -0.4% | 6.9% |
| UK Corporate (investment grade) | GBP | -0.7% | 0.0% | 1.9% | 10.7% |
| Euro Government Bonds | EUR | -0.1% | 0.4% | 0.7% | 5.4% |
| Euro Corporate (investment grade) | EUR | -0.3% | 0.1% | 2.4% | 7.2% |
| Euro High Yield | EUR | 0.1% | -0.1% | 4.3% | 10.8% |
| Global Government Bonds | USD | -0.1% | 1.5% | 0.1% | 3.7% |
| Global Bonds | USD | -0.4% | 1.1% | 0.9% | 5.2% |
| Global Convertible Bonds | USD | 0.1% | -1.0% | -0.3% | 3.0% |
| Emerging Market Bonds | USD | 0.0% | 0.6% | 3.9% | 9.9% |

Performance

| Asset Class/Region | Currency | | | | |
|---------------------------------------|----------|---------------------------|------------------|----------|-----------|
| | | Week ending 9 Aug 2024 | Month to date | YTD 2024 | 12 Months |
| Property | | | | | |
| US Property Securities | USD | 0.7% | 1.6% | 7.0% | 13.8% |
| Australian Property Securities | AUD | -1.9% | -3.2% | 11.8% | 23.2% |
| Asia Property Securities | USD | 2.2% | -0.6% | -6.9% | -4.9% |
| Global Property Securities | USD | 0.6% | 0.5% | 4.0% | 11.8% |
| Currencies | | | | | |
| Euro | USD | 0.1% | 1.0% | -1.3% | -0.5% |
| UK Pound Sterling | USD | -0.2% | -0.6% | 0.0% | 0.3% |
| Japanese Yen | USD | 0.2% | 2.7% | -3.9% | -2.0% |
| Australian Dollar | USD | 0.9% | 0.7% | -3.8% | 0.7% |
| South African Rand | USD | -0.3% | -0.7% | -0.3% | 3.7% |
| Swiss Franc | USD | -0.5% | 1.8% | -2.9% | 1.4% |
| Chinese Yuan | USD | 0.1% | 0.7% | -0.9% | 0.6% |
| Commodities & Alternatives | | | | | |
| Commodities | USD | 1.7% | -0.8% | 2.3% | -2.9% |
| Agricultural Commodities | USD | -0.1% | -0.4% | -3.0% | -5.4% |
| Oil | USD | 3.7% | -1.3% | 3.4% | -9.0% |
| Gold | USD | -0.5% | 0.2% | 17.9% | 26.9% |

Global Matters Weekly

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