

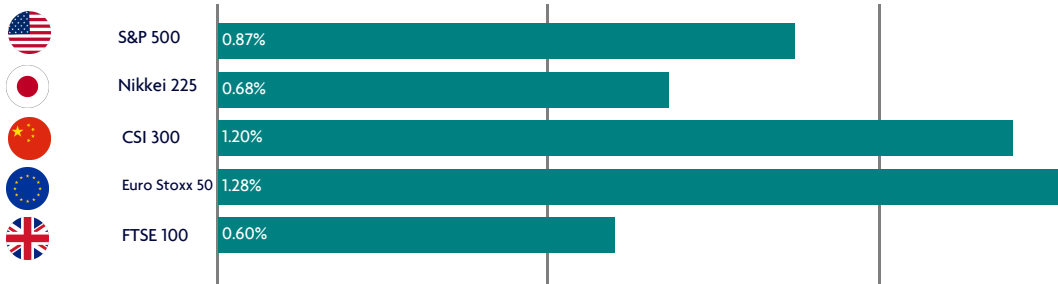
# Weekly Market Update

15 July 2024

Major stock markets enjoyed a strong week as economic data releases sent encouraging signs to investors that interest rate cuts are coming.



## Market Monitor (%): How did major stock markets perform last week?



## Market Update:

UK stocks ended the week higher. UK gross domestic product grew in May, increasing 0.4% sequentially, after stalling in April. The expansion was driven by upticks in services and construction output, particularly infrastructure and homebuilding. On a rolling three-month basis, the economy grew 0.9%, the fastest pace since 2022. Three Bank of England rate-setters indicated that they were still reluctant to vote in favor of lower borrowing costs, prompting markets to scale back bets on a rate cut at the central bank's August 1 meeting. Chief Economist Huw Pill said the BoE had made "substantial progress" in bringing down inflation but noted that key drivers, such as wage growth and services inflation, were still showing "uncomfortable strength."



UK

Stocks moved higher in the first notably broad advance since mid-April. A major factor supporting many stocks appeared to be Thursday's release of the Labor Department's consumer price index (CPI). Headline prices fell 0.1% in June, marking the first decline since soon after the start of pandemic lockdowns in May 2020. More encouraging, perhaps, core (less food and energy) prices rose a less-than-expected 0.1%, the slowest pace in over three years. The inflation data sent shockwaves through the market, which began pricing in the virtual certainty of a rate cut at the Fed's September meeting.



US

European stocks ended the week higher as investors welcomed lower-than-expected U.S. inflation data. Wage tracker data from online jobs platform Indeed indicated that the year-over-year increase in salaries for euro area openings listed on its site stood at 4.20% in June, an acceleration from the annual increase of 3.47% recorded in May. No party won an outright majority of 289 seats in the second round of the parliamentary election in France, heralding a long period of talks to form a coalition government. The left-wing New Popular Front won 182 seats. President Emmanuel Macron's Ensemble came in second, with 168. The hard-right National Rally won 143 seats.



Europe



Japan

Japanese stocks retreated at the end of the week from the record highs they reached on Thursday amid heightened speculation that the authorities intervened in the foreign exchange markets to support the Japanese yen. The speculation was triggered by a surge in the value of the yen against the U.S. dollar and was reinforced by a Nikkei report that the Bank of Japan (BoJ) conducted rate checks with banks on the euro-yen currency cross on Friday after the yen rose. A stronger yen hurts the profit outlook for Japan's export-focused industries and makes Japanese assets more expensive for foreign investors.



China

Chinese stocks gained as strong export data offset concerns about deflationary pressures. Exports exceeded forecasts in June, rising 8.6% from a year earlier, up from 7.6% growth in May. Analysts attributed the strength in overseas demand to manufacturers frontloading shipments ahead of potential tariff hikes from several major trading partners. China's economic recovery has been uneven this year despite numerous measures to spur growth as a protracted property sector slump and weak domestic demand have restrained consumer prices. Many analysts have shifted focus to July 15, the start of a three-day meeting of the Chinese Communist Party that is expected to unveil key economic policies for the coming years.



## The Omnis Investment Club

To hear more about these topics, please search for "The Omnis Investment Club Podcast" on your podcast player.

[Omnisinvestments.com](https://www.omnisinvestments.com)

Issued by Omnis Investments Limited. This update reflects Omnis' view at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Past performance should not be considered as a guide to future performance. The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Auckland House, Lydiard Fields, Swindon SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.

Omnis  
INVESTMENTS