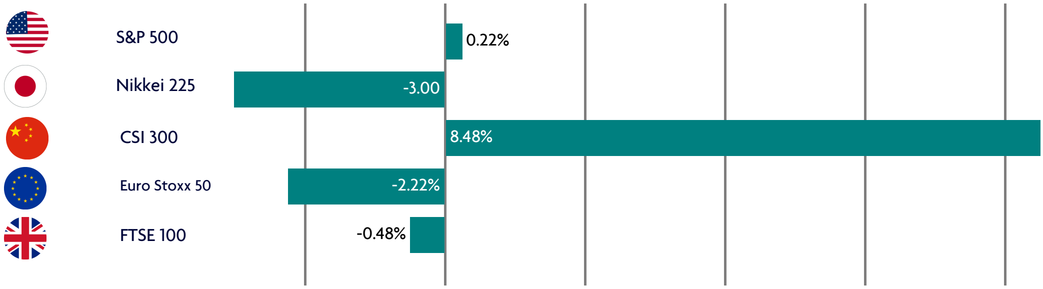
# Weekly Market Update

7 October 2024

Continued mixed trajectory for interest rates and economic growth as economic data diverges.

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




## Market Update:

### UK

Bank of England (BoE) Governor Andrew Bailey said in an interview with The Guardian newspaper that the bank could become “a bit more aggressive” in lowering borrowing costs if the inflation rate continues to fall. However, Chief Economist Huw Pill warned against cutting rates too far and too fast. He said inflation among services firms and pay growth represented "a continued source of concern."

### US

A late rally helped larger company stocks notch their fourth consecutive weekly gain despite growing tensions in the Middle East and news of a dockworkers’ strike at Eastern seaports. While weighing on sentiment generally, the prospect of a wider war in the Middle East sent oil prices to their highest level in about a month, benefiting energy shares. Conversely, the Middle East worries appeared to weigh on cruise line stocks and the consumer discretionary sector. Nike also fell sharply on Wednesday, after the company withdrew its full-year sales guidance. Nevertheless, the news seemed to be overshadowed as trading resumed Friday morning by the closely watched monthly nonfarm payrolls report. The Labor Department announced that employers had added 254,000 jobs in September, nearly twice the consensus estimates and the most since March. August’s gain was also revised higher

### Europe

Purchasing managers’ indexes (PMIs) pointing to weaker eurozone growth and inflation falling below the European Central Bank’s (ECB) 2% target combined to strengthen expectations of an interest rate cut in October. Annual headline inflation in the eurozone slowed to 1.8% in September, the lowest level since April 2021 and below forecasts for 1.9%. Comments from ECB officials indicated that their gradualist approach to easing monetary policy may be shifting. ECB President Christine Lagarde, for example, hinted that borrowing costs might soon be lowered. "The latest developments strengthen our confidence that inflation will return to target in a timely manner," she told a European Union parliamentary hearing.

### Japan

Japan’s stock markets suffered sharp losses around the start of the week as investors digested the news of a new prime minister. His views on interest rates are considered pro higher interest rates, leading the yen to initially strengthen and sending stock markets lower. While markets recouped some of the lost ground over the week as the PM adopted a more dovish tone (encouraging of lower rates) than had been anticipated, weighing on the yen. Stocks still registered a negative return over the week however.

### China

Chinese stocks surged in a holiday-shortened week as optimism about Beijing’s comprehensive support measures offset disappointing data. China’s factory activity contracted for the fifth consecutive month amid weak demand. The value of new home sales by the country’s top 100 developers fell 37.7% in September from a year ago, accelerating from August’s 26.8% drop, according to the China Real Estate Information Corp. However, market sentiment improved after three of China’s largest cities relaxed homebuying restrictions on the back of the central government’s extensive stimulus package unveiled the prior week.

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