

# Weekly market review 30th September 2024.

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A look back at the previous  
week's markets.

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# A look back at the markets...

- **Industrials Make a Comeback: Dow and FTSE Lead the Charge**
- **China's Bond Bonanza**
- **Hurricane Helene Blows Gas Prices Higher**
- **Japan's Bold Move: The Sazanami Strait Showdown**

## Market Recap.

As US markets paused, the FTSE 100 ETF (0.82%) gained the most, followed by the Dow Jones Industrial Average ETF (0.75%), showing that it was the turn of industrials to 'catch a bid'. This was supported at sector level as US materials gained the most, adding 3.49% for the week.

The Nasdaq 100 ETF (0.51%) made modest gains whilst the S&P 500 ETF (0.10%) was broadly flat.

## News.

China plans to issue special sovereign bonds worth about 2 trillion yuan (\$284.43 billion) this year as part of a fresh fiscal stimulus, adding to a string of measures to battle strong deflationary pressures and faltering economic growth. Part of the debt issue is intended to subsidise consumer goods purchases and child support, effectively transferring funds to households.

As part of the package, the Ministry of Finance (MOF) plans to issue 1 trillion yuan of special sovereign debt primarily to stimulate consumption amid growing concerns about a stuttering post-COVID economic recovery, said the sources.

## Inflation.

Slowing inflation in August buttressed arguments Federal Reserve officials used in defence of their decision to lower interest rates by half of a percentage point last week and prompted traders to bet the U.S. central bank will continue a fast pace of rate cuts as price pressures ease towards its 2% target.

Over the past four months the personal consumption expenditures price index stripped of volatile food and energy elements has been increasing at less than a 1.80% annual rate, according to data for August released by the Commerce Department on Friday.

## Central Banks.

The European Central Bank (ECB) is likely to continue to cut interest rates at least through the first half of 2025, to a level between 2% and 3%, Dutch ECB governing council member Klaas Knot said on Tuesday.

*"I would expect us to continue to gradually reduce interest rates in the coming time, also in the first half of 2025," Knot said in an interview with Dutch TV programme Nieuwsuur.*

*"I don't expect rates to return to the extremely low levels we saw before the pandemic. They will likely end up on a somewhat more natural level. I don't know where exactly, but somewhere starting with a 2," he added.*

## Commodities.

Copper (+ 6.84%) rallied hard amid a large stimulus package from the Chinese government, aiming to boost the Chinese economy as a whole. China is the largest consumer of copper, with the price of the metal closely linked to the health of the Chinese economy.

Natural Gas also added 5.36% for the week as Hurricane Helene caused precautionary shutdowns of offshore production in the Gulf of Mexico, reducing supply.

## Geopolitics.

A Japanese warship has sailed through the Taiwan Strait between Taiwan and China for the first time, prompting Beijing to lodge complaints with Tokyo.

The JS Sazanami, a naval destroyer, travelled south through the strait last Wednesday, accompanied by ships from Australia and New Zealand. It was on its way to military exercises in the South China Sea, Japanese media reported government ministers saying.

The passage is a significant move by Japan, which is thought to have avoided sailing its ships through the strait in order not to upset China, which claims self-governed Taiwan and the strait.

## ESG.

Microsoft have announced a new purchase agreement with removal project developer UNDO, for the permanent removal of 15,000 tonnes of CO<sub>2</sub> from the atmosphere using rocks and soil.

Founded in 2022, London-based UNDO develops carbon removal projects based on enhanced rock weathering. The company's technology accelerates the natural geological process of weathering by spreading crushed silicate rock onto agricultural land, where plants and microbes in the soil speed up the weathering process, removing CO<sub>2</sub>, while simultaneously enriching soil with essential nutrients. According to the company, the process has the potential to scale rapidly to permanently remove billions of tonnes of carbon dioxide.

## Week Ahead.

In the US, the jobs report is expected to show that the unemployment rate remained at 4.2% and wage growth may have slowed to 0.30%. Preliminary data is expected to show inflation in the Euro Area has dropped to the ECB's target of 2.00%, the lowest since June 2021. In the United Kingdom, final Q2 GDP is likely to confirm 0.60% growth, following a 0.70% rise in Q1. The Nationwide House Price Index is expected to show a 0.10% increase, marking the eighth straight month of gains.

**Sources:**

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Market recap Data sourced from FE FundInfo & Koyfin. ETFs quoted: iShares Core FTSE 100 UCITS ETF, iShares Core S&P 500 UCITS ETF, iShares Nasdaq 100 UCITS ETF (quoted in Pounds Sterling).

News Exclusive: China to issue \$284 billion of sovereign debt this year to help revive economy, by Reuters, 26/09/2024

Inflation Latest inflation data could boost case for more big Fed rate cuts, By Howard Schneider, Reuters, 27/09/2024

Central Banks ECB's Knot sees rate cuts through the first half of 2025, By Reuters, 24/09/24

ESG Microsoft Signs Deal with UNDO to Capture CO2 Using Rocks and Soil, by ESG Today, 30/09/24

Geopolitics Japan sails warship in Taiwan Strait for first time, by Kelly Ng & Rupert Wingfield-Hayes, 26/09/2024

Commodities Data sourced from Koyfin, EIA and Trading economics, 30/09/2024

Week ahead Nathan Sweeney, Marlborough Investment Group

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