

Weekly Market Review

Author

Nathan Sweeney Chief Investment Officer of Multi-Asset



Date: 12/08/2024

Market Recap

Most equity markets finished mixed for the week, with US and UK equities broadly flat and Europe closing up 1%. The Japanese market closed down 2%, retracing the majority of the losses it incurred on Monday, following a sell-off that was attributed to the unwinding of the carry trade. If you would like to know about what the carry trade is, listen to our podcast.

Geopolitics

US Presidential candidate Kamala Harris announced Minnesota Governor Tim Walz as her running mate in the election race during last week's Democratic party rally.

Central Banks

Japan's market volatility, which reverberated globally, was to some degree soothed by comments from the Bank of Japan's Deputy Governor Shinichi Uchida, who said that the central bank would not raise interest rates when markets are unstable, reducing the likelihood of a near-term hike.

News

Japan's stock market fell 12% last Monday, its worst day in 37 years, but rebounded strongly throughout the week, clawing back nearly all the losses. The initial sell-off was attributed to the unwinding of the carry trade.

Inflation

A measure of inflation in China called CPI rose by +0.5% for the month of July 2024 (vs. +0.3% expected), up from a -0.2% decline in June. For the year, inflation rose to +0.5% in July, up from +0.2% in June and marking the highest figure since February. Food prices remained flat while non-food prices increased.

Commodities

Oil rose 4% to \$76 per barrel for the week, driven by positive economic data and indications from Federal Reserve officials that they might cut interest rates as soon as September, alleviating some concerns about demand. Gold finished the week at \$2,420 per ounce, benefiting from lingering geopolitical risks and expectations of a Federal Reserve rate cut.

ESG

According to media reports, the UK government will introduce legislation to regulate ESG rating providers in 2025, following Chancellor of the Exchequer Rachel Reeves's speech last Wednesday. The new law would place ESG rating providers under the supervision of the Financial Conduct Authority (FCA).

Week Ahead

In the US, all eyes will be on inflation data. The inflation report is expected to show a slight deceleration in the annual inflation rate to 2.9% and a slowdown in the core rate to 3.2%, marking the lowest levels since March and April of 2021 respectively. The UK economy is expected to grow by 0.6% in Q2, slightly slower than the 0.7% increase in Q1. Inflation is projected to rise to 2.3% in July, up from the BoE's target of 2% for the previous two months. On the corporate front, US earnings season is coming to an end, but Home Depot, Cisco Systems, Walmart, and Deere & Company are still set to release quarterly reports.

Source: Marlborough Multi-Asset, Morningstar, BBC News, Financial Times, PIMCO, John Hancock, ESG Today, Trading Economics

Risk Warnings

These are Nathan's views at the time of writing and should not be construed as investment advice. The opinions expressed are correct at time of writing and may be subject to change. Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from Marlborough or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine together with their own professional advisers if appropriate if any investment mentioned herein is believed to be suitable. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted.

Regulatory Information

Issued in the UK by Marlborough Investment Management Limited, authorised and regulated by the Financial Conduct Authority (reference number 115231). Registered office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Registered in England No. 01947598.

Issued in Europe by Marlborough Investment Management Limited (authorised and regulated by the Financial Conduct Authority) on behalf of Marlborough ICAV (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is managed by TMF Fund Management (Ireland) Limited (authorised and regulated by the Central Bank of Ireland). Marlborough ICAV is registered under the laws of Ireland with registered number C186352 as an Irish Collective Asset Management Vehicle which is constituted as an open ended umbrella UCITS fund with segregated liability between sub funds. Directors: Raymond O'Neill (Irish), Dom Clarke (British), Brian Farrell (Irish), Danny Knight (British) and Martin Ratcliffe (British). Registered office: Marlborough ICAV, 38 Upper Mount Street, Dublin 2, Ireland. The fund is registered and approved under section 65 of CISA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Intermediary Support. 0808 145 2502

Email. service@marlboroughgroup.com

Website. marlboroughgroup.com

