

# Weekly Market Review

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## Market Recap

Equity markets had their best week for the year, as a slew of economic data releases removed concerns of any impending recession, with investors now expecting a moderate economic slowdown instead. Leading the charge, the Japanese stock market was up over 7%. The US stock markets rose almost 4% for the week, with the tech-heavy Nasdaq up over 5%.

## Geopolitics

Japanese Prime Minister Fumio Kishida announced his intention to resign as the leader of the Liberal Democratic Party (LDP) last week, confirming he will not run for LDP presidency in September's internal election.

## Central Banks

This week, investors and economists will turn their attention to the Rocky Mountain town of Jackson Hole, Wyoming, where the US Federal Reserve will hold its annual three-day economic policy symposium beginning Thursday, 22 August. Fed Chair Jerome Powell is among the featured speakers, with an address scheduled on Friday.

## News

Recent concerns about prospects of a US recession eased, as a monthly report on US retail sales beat expectations. The 1.0% sales gain in July surpassed economists' consensus forecast for a gain of around 0.4%. Another encouraging sign came later last Thursday, when new claims for unemployment benefits fell relative to the previous week.

## Inflation

In the US, a key measure of consumer price inflation known as the Consumer Price Index slipped below 3.0% to 2.9% for the first time since early 2021. Separately, in the UK, the inflation numbers for July were released, with inflation coming in at 2.2% versus 2.3% expected. Inflation is at more reasonable levels today giving central bankers the confidence to reduce interest rates.

## Commodities

Oil was broadly flat for the week at \$76 per barrel. Qatar urged Iran to de-escalate tensions with Israel during ongoing Gaza cease-fire talks, which helped to stabilise the price. Gold finished the week at \$2,490 per ounce, the highest on record, amid strong demand for safe-haven assets, over concerns of escalation in Ukraine and Russia as Ukrainian forces advanced in Russian territory.

## ESG

Microsoft announced Project ESG Reporting, a new tool aimed at enabling companies to create, review and approve ESG reports across multiple standards and frameworks. According to Microsoft, the new solution, currently in preview, was designed to help organisations solve the challenge of reporting against a variety of voluntary and regulatory reporting frameworks.

## Week Ahead

Investors will await news from the Jackson Hole Symposium – this is where central bankers, academics, policy-makers, and other influential economic thinkers will meet and discuss long-term policy. Jerome Powell is expected to speak Friday morning at the symposium, where he will likely suggest the US is close to cutting interest rates. The other item in focus this week will be inflation data for Japan.

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

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