

# Weekly Market Recap

## Week in review

- U.S. Fed hold rates, signal's chance of September rate cut
- Australia 2Q CPI inflation 3.8% y/y, core 3.9% y/y
- Eurozone 2Q real GDP 0.6% y/y

## Week ahead

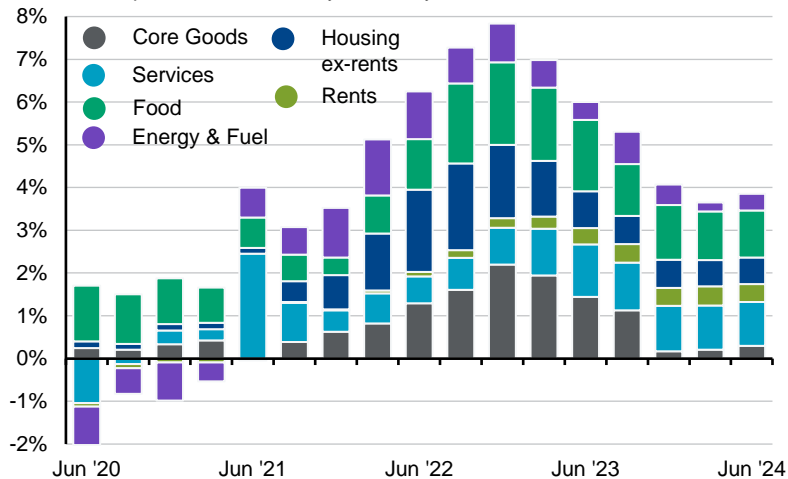
- RBA official cash rate
- NZ labour market report
- Eurozone retail sales

## Thought of the week

The inflation report for the second quarter may have done just enough to stop the RBA from hiking rates this week. The 3.8% y/y inflation rate aligns with the central bank's most recent set of forecasts. While this indicates that inflation has largely plateaued this year – not necessarily good news - the breadth of inflation is continuing to narrow. The share of the inflation basket with prices rising by less than 3% is returning to normal levels. With no rate hike expected from the RBA, greater emphasis will be placed on the updated set of economic forecasts. These could show a faster expected return of inflation to within the 2-3% target band, fuelling a narrative of potentially earlier rate cuts. However, inflation remains uncomfortably high, and the RBA is unlikely to abandon its cautious approach to inflation risks.

## Australian inflation has plateaued and may soon start to fall

Inflation component contribution, year-over-year



## Market data

Equities	Level	Index returns (%)		
		1 week	YTD	1 year
MSCI AC World	950	-2.4	10.8	16.7
MSCI World	2,698	-2.5	10.9	17.5
MSCI EM	66,047	-1.1	9.5	10.3

Countries	Level	Index returns (%)		
		1 week	YTD	1 year
ASX 200	7,943	0.3	6.6	12.3
Small Ords	3,024	0.9	4.6	8.3
NZ50	4,717	0.8	5.8	4.1
Topix	2,538	-6.0	8.5	12.8
MSCI China	56	-0.8	1.4	-11.2
S&P 500	5,347	-2.0	13.0	20.2
Russell 2000	5,242	-6.7	4.9	8.9
NASDAQ	16,776	-3.3	12.2	21.0
Stoxx 600	498	-2.9	6.7	11.6
FTSE 100	8,175	-1.3	8.1	12.5

ASX sectors	Level	Index returns (%)		
		1 week	YTD	1 year
Cons disc	3,721	0.7	16.4	25.8
Cons staples	12,736	0.7	5.3	0.1
Energy	9,869	1.1	-4.5	-11.0
Financials	7,897	-0.2	20.2	28.9
Healthcare	45,658	-0.4	8.6	14.3
Industrials	7,057	0.6	4.5	6.3
IT	2,319	1.9	26.7	20.9
Materials	16,729	-0.2	-12.5	-4.2
Telecoms	1,564	2.1	0.1	2.9
Utilities	9,070	1.3	14.4	7.9

Volatility	Level	Level		
		1 week	31/12/23	1 year
VIX	23.4	16.4	12.45	16.1

Local bonds	Yield	Change (bps)		
		1 week	YTD	1 year
2yr Aus Treasuries	3.81	-30	10	-10
10yr Aus Treasuries	4.05	-26	10	4
AusBond Comp	4.21	-26	11	-1
AusBond IG	4.79	-27	-8	-30

Global bonds	Yield	Change (bps)		
		1 week	YTD	1 year
10yr US Treasury	3.80	-40	-8	-28
10yr UK Gilt	3.81	-27	27	-58
10yr German Bund	2.16	-25	15	-37
10yr JGB	0.98	-8	37	36
Global Agg	3.56	-16	5	-34
Global IG	4.65	-16	-3	-64
Global HY	7.99	-7	-21	-110
EMD (\$US)	8.12	-14	27	-22

Commodities	Level	Change (%)		
		1 week	YTD	1 year
Copper (\$/t)	8,977	-0.5	5.9	5.1
Gold (\$/ozt)	2,470	3.5	18.8	27.0
Silver (\$/ozt)	28.95	4.3	21.7	18.6
Crude (Brent \$/bbl)	79.53	-2.2	2.4	-5.3
Iron ore (\$/t)	102.83	-3.8	-24.6	-4.3

Currencies	Level	Change (% vs \$A)		
		1 week	YTD	1 year
USD	0.6519	-0.5	-4.5	-0.3
EUR	0.5968	-1.1	-3.4	-0.3
GBP	0.5090	-0.2	-4.9	-1.3
CHF	0.5601	-3.2	-2.5	-2.4
JPY	95.6077	-5.0	-0.6	2.0
NZD	1.0919	-1.8	1.3	1.5

Source: ABS, FactSet, J.P. Morgan Asset Management. Data reflect most recently available as of 02/08/24.

All returns in local currency unless otherwise stated.

Equity price levels and returns: Levels are prices and returns represent total returns for stated period.

Bond yields and returns: Yields are yield to maturity for government bonds and yield to worst for corporate bonds. All returns represent total returns. AusBond Comp is the AusBond Composite 0+ Yr, AusBond IG is the AusBond Credit 0+ Yr both provided by Bloomberg.

Currencies: All cross rates are against the Australian dollar. An appreciation of the foreign currency against the Australian dollar would be positive and a depreciation of the foreign currency against the Australian dollar would be negative.

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