

Weekly Market Pulse



Week ending August 30, 2024

Market developments

Equities: North American stocks ended the week lower even after the latest economic data showed the economy is holding up. Despite a strong earnings report, Nvidia's shares fell by over 8% for the week, indicating that investor expectations may have been set even higher due to the company's previous performance and the overall AI hype.

Fixed Income: Interest-rate swaps show traders see a 20% probability that the Fed lowers its key rates by a half-point at the next policy meeting in September, compared to about a 24% chance prior to the data report. The markets will now be focusing on next week's jobs data to gauge whether the economy is cooling at an acceptable level or risking a more significant slowdown.

Commodities: OPEC+ plans to proceed with an oil output increase starting in October, despite concerns over sluggish demand, particularly from China. The news put downward pressure on the price of oil as it closed nearly 2% lower for the week.

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	23,338.47	0.22%	2.25%	5.74%	11.36%
S&P 500	5,648.40	0.24%	3.90%	7.89%	18.42%
NASDAQ	17,713.63	-0.92%	3.30%	5.83%	18.00%
DAX	18,906.92	1.47%	2.69%	2.22%	12.87%
NIKKEI 225	38,647.75	0.74%	0.32%	1.56%	15.49%
Shanghai Composite	2,842.21	-0.43%	-1.29%	-8.07%	-4.46%
Fixed Income (Performance in %)					
Canada Aggregate Bond	231.48	-0.66%	0.99%	4.70%	2.32%
US Aggregate Bond	2233.77	-0.27%	2.23%	5.42%	3.32%
Europe Aggregate Bond	240.46	-0.33%	0.69%	2.96%	1.24%
US High Yield Bond	26.35	0.18%	1.82%	4.77%	6.26%
Commodities (\$USD)					
Oil	73.57	-1.68%	-1.55%	-5.57%	2.68%
Gold	2502.44	-0.40%	3.80%	6.80%	21.30%
Copper	415.40	-1.12%	1.71%	-10.83%	6.77%
Currencies (\$USD)					
US Dollar Index	101.67	0.94%	-2.76%	-2.91%	0.33%
Loonie	1.3484	0.19%	2.71%	1.46%	-1.79%
Euro	0.9047	-1.24%	2.20%	2.04%	0.13%
Yen	146.12	-1.20%	4.55%	7.32%	-3.48%

Source: Bloomberg, as of August 30, 2024

Macro developments

Canada – Economy Strengthens in Q2 2024

The Canadian economy grew by 0.5% in Q2 2024, driven by increased government spending and a 6.5% rise in business investment in machinery and equipment. Annualized GDP growth reached 2.1%, exceeding expectations.

U.S. – PCE Inflation Holds Steady in July

The U.S. annual PCE inflation rate remained at 2.5% in July 2024, slightly below expectations of 2.6%. Historically, this inflation measure has averaged at 3.3% since 1960, with significant past fluctuations.

International – Eurozone Inflation Eases, Eurozone Unemployment Drops to Record Low, Tokyo's Core CPI Surges in August, Japan's Retail Sales Growth Slows in July

Eurozone annual inflation fell to 2.2% in August 2024, the lowest since July 2021, primarily due to a sharp drop in energy costs. Despite this, inflation for services and food increased slightly, keeping overall inflation stable.

The Eurozone unemployment rate decreased to a record low of 6.4% in July 2024, with the number of unemployed individuals falling by 114,000. Youth unemployment also decreased slightly, with Spain still having the highest unemployment rate among major economies.

Tokyo's core consumer price index rose by 2.4% in August 2024, the highest in six months, signaling a continued hawkish stance from the Bank of Japan. The headline inflation also increased, surpassing market forecasts.

Japan's retail sales grew by 2.6% year-on-year in July 2024, slower than growth in June and below expectations. Despite the slowdown, retail spending remained positive, with strong sales in non-store retailers and automobiles.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
01-Sep-24	China	Caixin China PMI Mfg	Aug	50.0	49.8
03-Sep-24	Canada	S&P Global Canada Manufacturing PMI	Aug	0.0	47.8
03-Sep-24	United States	ISM Manufacturing	Aug	47.7	46.8
03-Sep-24	China	Caixin China PMI Services	Aug	52.1	52.1
04-Sep-24	Eurozone Aggregate	PPI MoM	Jul	0.3	0.5
04-Sep-24	Eurozone Aggregate	PPI YoY	Jul	(2.5)	(3.2)
04-Sep-24	Canada	Bank of Canada Rate Decision		4.3	4.5
04-Sep-24	United States	JOLTS Job Openings	Jul	8,100.0	8,184.0
05-Sep-24	Eurozone Aggregate	Retail Sales YoY	Jul	0.2	(0.3)
05-Sep-24	United States	ISM Services Index	Aug	51.0	51.4
06-Sep-24	United States	Change in Nonfarm Payrolls	Aug	165.0	114.0
06-Sep-24	United States	Unemployment Rate	Aug	4.2	4.3
06-Sep-24	United States	Average Hourly Earnings YoY	Aug	3.7	3.6
06-Sep-24	Canada	Net Change in Employment	Aug	25.0	(2.8)
06-Sep-24	Canada	Unemployment Rate	Aug	6.5	6.4

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