



Weekly Investment Update

28th June 2024

News Headlines

US Presidential Election – The first presidential debate for the 2024 U.S. presidential election took place on Thursday, featuring President Joe Biden and former President Donald Trump. Hosted by CNN, the debate covered a range of issues but did not significantly address Trump's legal troubles until later in the evening. According to a flash poll conducted by CNN, Trump was perceived as the winner, with his team describing his performance as a "masterclass." Biden's team attempted to spin the debate positively, despite concerns within the Democratic Party about his performance. Some reports suggest that his showing has led to increased speculation about potential alternatives within the Democratic Party.

UK Economy – The UK's economy demonstrated stronger-than-expected growth in the first quarter of this year, with a revised expansion rate of 0.7% compared to the previously estimated 0.6%, according to official statistics released today. The data from the Office for National Statistics confirms the UK emerged from a shallow recession at the beginning of 2024. However, the overall growth remains modest, with a 0.3% increase in GDP compared to the same period last year, slightly above the initial estimate of 0.2%.

Japanese Yen – This week, the Japanese Yen has continued its downward trend, weakening against major currencies. The yen reached its weakest level since 1986 against the USD, exceeding 160 JPY/USD. It also hit a record low against the euro. Market expectations suggest potential rate hikes by the BoJ later in the year, which could help stabilise or strengthen the yen. However, this depreciation is currently increasing the cost of imports, adversely affecting Japanese consumers, and causing rising concern among businesses.

Market Summary

Global Equities – This week, global equity markets have displayed mixed performances across different regions and indices, reflecting varying economic conditions and investor sentiments. In the US, the S&P 500 saw a modest rise, marking its fourth consecutive weekly gain. In Europe, the STOXX 600 and FTSE 100 indices declined by 0.46% and 0.63% respectively, as of Thursday's close. This decline comes ahead of key economic data from France, Spain, and Italy, along with the French parliamentary elections and the UK's parliamentary elections, all of which are adding caution with investors expecting political uncertainty to impact markets.

Meanwhile, in Asia, the Nikkei 225 index saw a healthy gain of 2.03% for the week as of Thursday's close, following mixed inflation data in Japan. Similarly, Indian stocks experienced healthy gains, buoyed by the Power, Technology, and Green Energy sectors. However, Chinese stocks underperformed compared to their regional counterparts this week, with worries about a possible trade conflict with Western countries still lingering and scepticism regarding the country's economic rebound.

Commodities – In the commodity markets this week, metal prices continued to face downward pressure as the dollar surged to a near two month high. Notably, copper prices experienced significant declines due to deteriorating sentiment towards China, its largest importer.

Fixed Income – Both US and UK sovereign bond yields increased this week, meaning prices declined, ahead of key inflation data releasing today. Similarly, Eurozone government bond yields reached their highest levels in two weeks, again with investors anticipating key inflation data, both in the U.S and Europe.

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Chart of the Week

USDJPY Tops April High Dollar strongest vs yen since 1986



Source: Bloomberg – USDJPY Tops April High

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
-	- Eurozone Flash Inflation yy	- U.S Jobless Claims	-	- Eurozone Retail Sales yy - U.S Unemployment Rate

Market Performance – 28/06/2024

Global Market Indices	2024 YTD %*
FTSE 100	8.06%
S&P 500	15.75%
STOXX 600	9.77%
Nikkei 225	18.57%
Hang Seng	6.20%
Fixed Income	Yield %
UK 10 Yr Gilt	4.13%
US 10 Yr Treasury	4.28%
Commodities	2024 YTD %
Gold	12.21%
Currency	
GBP/USD	1.27 (28/06/2024)
GBP/EUR	1.18 (28/06/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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