



Weekly Investment Update

5th July 2024

News Headlines

UK General Election – The UK general election resulted in a significant victory for the Labour Party, led by Sir Keir Starmer. Labour secured a landslide win, similar to the one achieved by Tony Blair in 1997, unseating the Conservative Party led by Prime Minister Rishi Sunak. The Conservatives suffered their worst ever defeat, losing over 245 seats, ending their 14-year tenure as the primary governing party.

The election also saw substantial gains for the Liberal Democrats and Reform UK, while the Scottish National Party (SNP) lost over three-quarters of its seats to Scottish Labour. The campaign was marked by a focus on the public's desire for a change in government, with Labour maintaining a significant lead in opinion polls leading up to the election. London's FTSE 100 index was up 0.38% at the open on Friday, following the election.

US Presidential Election – There has been an increase in pressure on President Joe Biden to consider exiting the US presidential race. This pressure escalated due to a report from the New York Times, which suggested that Biden acknowledged the possibility of withdrawing to a key supporter. Although the White House and Biden's campaign quickly denied the report, Democratic officials, donors, and voters are increasingly anxious about Biden's ability to remain a viable candidate and prevent former President Donald Trump from returning to office. A senior party official indicated that many Democratic lawmakers are contemplating signing a letter that would urge Biden to withdraw from the race, which adds to the internal party pressure for Biden to step down.

Market Summary

Global Equities – Global equities provided positive weekly returns across all major indices as at Thursday's close. In the US, both the Nasdaq 100 and S&P 500 indices hit fresh record highs in spite of a shortened trading session on Wednesday and the markets being closed on Thursday due to the 4th July holiday, with the S&P 500 passing the 5,500 mark. This was on the back of weaker-than-expected US economic news which boosted hopes that the US Federal Reserve will begin cutting interest rates this year. As at the half year point on Friday 28th June, the S&P 500 had increased by just over 15%, which is in the top 7 best half yearly returns for the index in the last 30 years.

In Japan, the Nikkei 225 index saw a second consecutive healthy gain for the week as of Thursday's close, with both the Nikkei 225 and TOPIX indices hitting record highs, as Japanese stocks saw the largest weekly foreign inflows in 2 and a half months. Japanese markets also rose due to gains in technology stocks, following a rally in US tech stocks, fuelled by enthusiasm of artificial intelligence.

Commodities – The Bloomberg Commodity Index rose slightly over the week as at Thursday's close, largely driven by increases in oil and gold prices. Oil prices have seen four consecutive weeks of gains, driven by optimistic projections for high summer fuel demand coupled with concerns over potential supply disruptions.

Fixed Income – Global bonds saw a slight weekly gain. US Treasury yields declined (meaning prices rose) after investors dialled up expectations of an interest rate cut in September by the US Federal Reserve as US economic data came in weaker than expected this week, showing signs of a cooling economy.

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Chart of the Week

Kamala Harris Rises From Ranks

PredictIt odds have her near Biden in securing nomination



Source: Bloomberg – Kamala Harris Rises From Ranks

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
-	- US Federal Reserve Chair Powell Testifies	- China CPI yy	- UK GDP mm - US CPI yy, nsa - Germany CPI yy	- Producer prices, core yy - US PPI inflation yy

Market Performance – 05/07/2024

Global Market Indices	2024 YTD %*
FTSE 100	8.88%
S&P 500	16.91%
STOXX 600	10.89%
Nikkei 225	23.31%
Hang Seng	8.68%
Fixed Income	Yield %
UK 10 Yr Gilt	4.18%
US 10 Yr Treasury	4.37%
Commodities	2024 YTD %
Gold	13.93%
Currency	
GBP/USD	1.28 (05/07/2024)
GBP/EUR	1.18 (05/07/2024)

Source: FE Analytics/ Bloomberg

*Total Return/Local currency

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