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Handelsbanken
Wealth & Asset Management

WEEKLY BULLETIN

Further record highs for US stock markets

Key takeaways

Investors continued to push US shares higher despite some disappointing economic data. Gold rose again, confirming its position as the best performing asset so far this year. In contrast, oil remains the weakest performer despite geopolitics causing the price to climb.

Another week, another record high for US shares

After a nervous start to the week for financial markets, the S&P 500 Index closed at its 45th record high so far in 2024. The Dow Jones Index, which is highly populated by shares in financial companies, also reached an all-time high. Investor sentiment was helped by favourable third-quarter earnings updates from major US banks. This helped to outweigh some disappointing economic data; there was a higher-than-expected rise in September inflation compared with the previous month and a surprise increase in weekly jobless claims. Coming so soon after September's bumper US job creation numbers, this continues a recent theme of confusing and sometimes contradictory messaging arising from employment updates.

A rebound for the UK economy

After generating no growth during June and July, the UK economy recovered slightly during August, expanding by 0.2% compared with the previous month and in line with expectations. All main areas of the economy showed signs of improving, led by the production and construction sectors. While the economy is growing again, it is at slower rate than in the first half of the year. Despite the improvement in household incomes earlier this year, consumer spending remains relatively cautious, while the higher value of sterling is proving unhelpful for exports. Accounting for inflation, market analysts expect that the UK economy will grow by 1% during 2024.

Investors in China await details on further stimulus

Investors are still waiting for the Chinese government to expand on its recent economic package to boost the world's second largest economy. At the end of a week during which the rally in Chinese stock markets had gone into reverse, a press conference by the finance minister did not reveal how much stimulus the government would be willing to inject into the economy. Many investors believe that China needs to revive consumer confidence, which has been weak since pre-pandemic moves by the government to cool the property market. Lacklustre household demand is resulting in very weak inflation, a move that could quickly slip into deflation if further action is not taken.

Market moves

The US 10-year Treasury yield rose (and prices fell) as investor expectations fell that the US central bank will cut interest rates in November in response to the latest economic data.

Closing the week at $2655/oz., gold is the best performing asset so far this year.

Despite a firmer oil price over the week, this remains the weakest performing asset this year so far.

What to look out for this week

On Tuesday, UK employment data for September will be released. US corporate earnings season (where businesses report their latest earnings and their outlook for the period ahead) begins in earnest.

On Wednesday, UK inflation for September will be reported.

On Thursday, the European Central Bank is expected to announce a 0.25% cut in interest rates, to 3.5%.

If you have questions about financial markets, or our investment services, please contact the Marketing team:

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