



Weekly Report



Global Equities



U.S. stocks fell last week. August Non-Farm Payrolls Miss Expectations, Rate Cut Speculation Rises

Review: The S&P 500 fell 4.25% last week. Nonfarm payrolls added 142,000 jobs in August, below expectations of 165,000. Due to the weak data, the market expects that the Fed may increase interest rate cuts to 50 basis points.

Outlook: While the U.S. may cut interest rates in September, signs of a deteriorating labor market have become apparent, sparking market concerns about an economic recession. Therefore, it is recommended that investors consider reducing their positions or increasing holdings in more defensive stocks.



European stocks fell last week. Eurozone Q2 GDP Revised Down, Economic Growth in Question

Review: The MSCI Europe Index fell 3.60% last week. Eurostat announced that the Eurozone's Q2 gross domestic product (GDP) grew by 0.2% quarter-on-quarter, lower than market estimates.

Outlook: Due to this reduction in economic growth rate, doubts about the economic growth of the euro area may be deepened, especially as Germany, Europe's largest economy, is dragging down the overall performance. Therefore, we believe that the European Central Bank needs to increase its easing efforts in monetary policy.



Chinese stocks closed lower last week

Review: The Shanghai Composite Index fell 2.69% last week. As the Fed is about to cut interest rates in September, the U.S. dollar is under pressure. The CNY against the U.S. dollar rose above 7.1 and closed up 140 points, hitting a new high in the past week.

Outlook: In view of market expectations that the U.S. will cut interest rates soon, the CNY has rebounded to the 7.10 level. However, the market still expects China to further implement loose monetary policies, and A-shares are expected to rebound more sharply by then.



Hang Seng Index fell last week.

Review: The Hang Seng Index fell 3.03% last week. The Monetary Authority announced that official foreign exchange reserve assets were US\$423.4 billion at the end of August, an increase of US\$4.3 billion from US\$419.1 billion at the end of July.

Outlook: Although the Hong Kong stock market is still in a downward trend, it has not yet fallen below the 17,000-point support level. If the Fed cuts interest rates for the first time in September, it is believed to help attract capital flow back and benefit the stock market trends in China and Hong Kong.



Global Bonds



FTSE World Government Bond rose last week

Review: FTSE World Government Bond Index rose 1.35% last week.

Outlook: As the U.S. labor market deteriorates, the market is once again warming to the possibility of a 50 basis point interest rate cut. Therefore, we expect bond performance to continue to improve.



Global high yield bond and EM bond rose last week

Review: The Bloomberg Barclays High Yield Bond Index rose 0.25% last week, while Bloomberg Barclays EM USD Aggregate Total Return Index rose 0.52%.

Outlook: Major economies have begun to implement the first round of interest rate cuts, with Canada having cut interest rates three times recently, and the Eurozone is about to prepare to cut interest rates again in September. Against this backdrop, high-yield bond investments are expected to yield even more generous returns.



Weekly Report



Commodities



WTI crude fell last week

Review: WTI crude oil fell to \$67.67 per barrel last week. Crude oil futures have fallen to their lowest level this year on concerns about weak global demand, including from the largest oil importers, and the possibility that OPEC+ will increase production in October.

Outlook: Since some central banks have already begun to cut interest rates, and the United States is also likely to cut interest rates in September, once it enters an easing cycle, the possibility of a recovery in the global economy will increase significantly and drive greater energy demand.



Gold price fell last week

Review: Spot gold fell to US\$2,497.41/oz last week. Gold ever rose to \$2,550 as U.S. employment data weakened again, leading to renewed interest rate cut expectations.

Outlook: As central banks around the world are preparing to loosen monetary policies and enter a cycle of interest rate cuts, this will boost gold prices. At the same time, the likelihood of a recession in the United States has increased, spurring demand for gold.



The Bloomberg commodity spot index fell last week

Review: The Bloomberg Commodity Spot Index fell to 475.10, or 2.47% last week.

Outlook: This will have a positive impact on commodity demand due to supply disruptions in some markets, rising geopolitical tensions and an expected lower dollar. Therefore, we can expect commodities to remain strong and likely to continue for an extended period of time.



Currencies



US Dollar Index fell last week

Review: The U.S. dollar index fell 0.53% last week. Under the pressure of renewed interest rate cut expectations and weak employment data, the U.S. dollar index has continued to weaken recently, falling below the 101 mark last week.

Outlook: As the U.S. economy may enter recession and the time for interest rate cuts approaches, the U.S. dollar index is expected to remain weak during the year.



JPY/USD rose last week

Review: JPY/USD rose 2.73% last week. Some former Bank of Japan officials believe that Japan may raise interest rates faster than market expectations, and believe that it may still raise interest rates twice this year.

Outlook: As Japan may raise interest rates this year, and the United States may enter an interest rate cutting cycle, the interest rate gap between the United States and Japan will narrow. Therefore, the Japanese yen is expected to remain strong.



Weekly Report



Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	17444.30	-3.03	2.89	-7.16	0.48	-34.53	-35.83	-30.75
Hang Seng China Enterprise	6105.54	-3.56	2.14	-6.65	3.63	-36.21	-42.69	-46.48
Shanghai Composite	2765.81	-2.69	-4.26	-12.08	-7.88	-25.80	-9.40	18.88
Shenzen Composite	1505.18	-2.53	-3.62	-22.63	-18.51	-39.96	-11.34	17.64
Dow Jones Industrial	40755.75	-2.93	2.15	16.68	7.05	15.67	50.34	137.13
S&P 500	5503.41	-4.25	1.20	21.33	13.39	20.37	81.59	171.99
NASDAQ COMPOSITE	17127.66	-5.77	-0.33	21.29	11.19	9.46	106.38	266.65
FTSE 100	8241.71	-2.33	0.16	9.40	5.80	16.48	13.07	19.80
DAX	18576.50	-3.20	3.27	16.24	9.25	17.15	49.70	88.47
NIKKEI 225	36391.47	-5.84	1.68	9.22	6.42	18.68	67.05	131.07

Source: Bloomberg 2024/9/6



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	ISM Non-Manufacturing PMI (August)	51.4	51.3	51.5	Above
US	ISM Manufacturing PMI (Augsut)	46.8	47.5	47.2	Below
Euro	Gross Domestic Product (Q2)	0.3%	0.3%	0.2%	Below
Euro	Services PMI (August)	51.9	53.3	52.9	Below
China	Caixin Services PMI (August)	52.1	51.9	51.6	Below
Canada	Interest Rate Decision (August)	4.50%	4.25%	4.25%	On Par

Source: Bloomberg 2024/9/6



Bond/Forex

Bond Instrument	Price	Change(%)	Yield(%)
US Treasury 30Y	104.00	3.13	4.02
US Treasury 10Y	101.36	1.67	3.71
US Treasury 5Y	100.63	1.04	3.49
US Treasury 2Y	100.19	0.58	3.65
US Tbill 3M	4.93	0.51	5.06
China Govt Bond 10Y	101.20	0.55	2.13
Japan Govt Bond 10Y	102.29	0.41	0.85
German Bund 10Y	103.47	1.14	2.21
UK Gilt 10Y	102.73	1.11	3.91

Source: Bloomberg 2024/9/6

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.80	-0.01	-0.02	-0.20
HKD/CNH	0.91	-0.12	-0.91	-0.04
USD/CNH	7.09	-0.10	-0.92	-0.24
USD/JPY	142.30	-2.83	-2.63	1.22
USD/CAD	1.36	0.46	-1.27	2.36
GBP/USD	1.31	-0.10	2.92	3.16
AUD/USD	0.67	-1.59	1.60	-1.89
EUR/USD	1.11	0.07	1.49	0.37

Source: Bloomberg 2024/9/6

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