

Weekly Market Pulse



Week ending August 23, 2024

Market developments

Equities: The S&P 500 index gained approximately 1.5% for the week, nearing its all-time highs. All but one (Energy) of the sectors in the S&P 500 advanced, reflecting continued investor optimism. With earnings season mostly behind us, the market is closely watching for clearer guidance on the Fed's rate cut strategy, with significant implications for investor strategies moving forward. For the third consecutive week, Canada closed higher and is up low double digits for the year.

Fixed Income: The U.S. two-year treasury yield dropped below 4% and the U.S. ten-year is ~3.8% as Federal Reserve Chair Jerome Powell noted that inflation has been easing, with recent data showing a decline. Meanwhile, he aims to prevent further deterioration in employment conditions as the labour market has shown signs of cooling.

Commodities: Gold prices remained strong, holding above \$2,500 an ounce after Jerome Powell indicated that the time has come for interest rate cuts. Gold's recent price increases have also been supported by strong central bank purchases, consumer demand in China, and heightened geopolitical tensions

Performance (price return)

SECURITY	PRICE	WEEK	1 MONTH	3 MONTH	YTD
Equities (\$Local)					
S&P/TSX Composite	23,284.40	1.00%	2.06%	4.88%	11.10%
S&P 500	5,634.61	1.45%	1.42%	6.96%	18.13%
NASDAQ	17,877.79	1.40%	-0.66%	6.82%	19.10%
DAX	18,633.10	1.70%	0.41%	-0.31%	11.23%
NIKKEI 225	38,364.27	0.79%	-3.11%	-1.89%	14.64%
Shanghai Composite	2,854.37	-0.87%	-2.09%	-8.41%	-4.05%
Fixed Income (Performance in %)					
Canada Aggregate Bond	232.35	0.07%	2.46%	4.59%	2.70%
US Aggregate Bond	2230.87	0.27%	2.71%	5.01%	3.19%
Europe Aggregate Bond	241.24	0.36%	1.64%	3.06%	1.57%
US High Yield Bond	26.24	0.45%	1.46%	4.03%	5.80%
Commodities (\$USD)					
Oil	74.89	-2.30%	-2.69%	-2.58%	4.52%
Gold	2511.25	0.13%	4.22%	7.81%	21.73%
Copper	420.25	1.42%	1.36%	-12.75%	8.02%
Currencies (\$USD)					
US Dollar Index	100.69	-1.73%	-3.60%	-4.20%	-0.63%
Loonie	1.3511	1.25%	2.03%	1.61%	-1.98%
Euro	0.8937	1.48%	3.09%	3.46%	1.37%
Yen	144.26	2.34%	7.85%	8.78%	-2.23%

Source: Bloomberg, as of August 23, 2024

Macro developments

Canada – Canada's Inflation Eases Slightly, Canadian Retail Sales Rebound

The inflation rate in Canada dropped to 2.5% in July 2024, the lowest since March 2021. This aligns with the Bank of Canada's forecasts but may rise again due to gasoline prices. Inflation decelerated in shelter and food, with a slight increase in gasoline prices.

Retail sales in Canada are estimated to have increased by 0.6% in July 2024, recovering from a 0.3% drop in June. The rise was driven by gains in food, building materials, and clothing, despite a decline in gasoline turnover and motor vehicle sales.

U.S. – Business Growth Slows but Remains Strong,

The S&P Global U.S. Composite PMI dropped slightly to 54.1 in August, indicating slower but continued business growth, especially in services. Manufacturing output fell, affecting employment. Inflation showed signs of easing, though input costs remain high.

International – U.K. Business Activity Surges, Eurozone Private Sector Growth Continues, Japan's Private Sector Growth Reaches New High, Japan's Core Inflation Surges

The S&P Global U.K. Composite PMI rose to 53.4 in August, the highest since April, with strong growth in manufacturing and services. Business activity and employment increased, driven by new orders and positive economic outlook, while inflationary pressures eased.

The Eurozone Composite PMI increased to 51.2 in August, marking the sixth consecutive month of expansion. Growth was driven by the services sector, despite ongoing decline in manufacturing. Employment growth slowed, and inflation eased slightly.

The au Jibun Flash Bank Japan Composite PMI rose to 53.0 in August 2024, driven by the services sector. Employment grew, but job creation slowed. Input prices surged, while selling price inflation hit a low. Business optimism decreased to a 19-month low.

Japan's core consumer price index rose by 2.7% in July 2024, the highest since February. This marks the third consecutive month of acceleration, keeping inflation above the Bank of Japan's 2% target. The central bank's hawkish policies have strengthened the yen and impacted financial markets.

Quick look ahead

DATE	COUNTRY / REGION	EVENT		SURVEY	PRIOR
29-Aug-24	Japan	Jobless Rate	Jul	2.5	2.5
29-Aug-24	Japan	Tokyo CPI YoY	Aug	2.3	2.2
29-Aug-24	Japan	Tokyo CPI Ex-Fresh Food YoY	Aug	2.2	2.2
29-Aug-24	Japan	Retail Sales YoY	Jul	2.8	3.7
30-Aug-24	Eurozone Aggregate	CPI Estimate YoY	Aug	2.2	2.6
30-Aug-24	Eurozone Aggregate	CPI Core YoY	Aug P	2.8	2.9
30-Aug-24	Eurozone Aggregate	Unemployment Rate	Jul	6.5	6.5
30-Aug-24	United States	PCE Price Index YoY	Jul	2.6	2.5
30-Aug-24	United States	Core PCE Price Index YoY	Jul	2.7	2.6
30-Aug-24	Canada	GDP YoY	Jun	0.0	1.1
30-Aug-24	Canada	Quarterly GDP Annualized	2Q	1.8	1.7
30-Aug-24	China	Manufacturing PMI	Aug	49.2	49.4
30-Aug-24	China	Non-manufacturing PMI	Aug	50.0	50.2

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