

The Market Place

- Global equities fell by 1.6% last week
- After initially putting the US on ratings watch back in May, Fitch Ratings downgraded the US from AAA to AA+ citing expected fiscal deterioration, growing debt burden and erosion of governance
- Brent crude rose by 1.5% to \$86.24 per barrel
- Gold fell by 0.8% to \$1942.91 per ounce

US

US equities fell by 2.3% last week

The headline Institute of Supply Management (ISM) manufacturing index fell in July coming in at 46.4 (vs. 46.9 expected)

Weekly initial jobless claims remained at the lower levels of recent weeks at 227k (vs. 225k expected)

Job openings came in lower than expected at +9.58 million, its lowest level since April 2021. The quits rate dropped down to 2.4%, after an unexpected increase to 2.6% in the May release

The unemployment rate dipped to 3.5%, with labour force participation remaining unchanged at 62.6%

Europe

European equities fell by 2.5% last week

The unemployment rate in Germany fell to 5.6% in July from 5.7% in June, with unemployment claims decreasing by 4k (vs. a 20k increase expected). The overall Eurozone unemployment rate fell from 6.5% to 6.4%

Euro Area economic growth for Q2 expanded 0.3% quarter-on-quarter, with Ireland (3.3% quarter-on-quarter) creating a sizeable upward distortion. In contrast, Germany recorded no growth for the quarter and Italy contracted -0.3% over Q2

UK

UK equities fell by 1.7% last week

The Bank of England followed the Federal Reserve and European Central Bank's lead by raising their policy rate by 25bps to 5.25% as expected. The Monetary Policy Committee retained its data-dependent approach but demonstrated confidence that tight monetary policy is now weighing on economic activity

Asia / ROW

Global emerging market equities fell 2.4% last week

Chinese equities fell by 1.1% last week

China's private factory activity returned to contraction for the first time since April as the Caixin manufacturing Purchasing Managers' Index (PMI) came in at 49.2 in July (vs. 50.5 in June)

China's services activity expanded at a faster pace in July as the Caixin services PMI edged up to 54.1 (vs. 52.4 expected) from a level of 53.9, partly offsetting the drag from the soft manufacturing sector data

Japan's unemployment rate unexpectedly dropped to 2.5% in June from 2.6% a month earlier

The Reserve Bank of Australia kept the official interest rate unchanged at 4.1%, extending its pause in rate hikes for the second consecutive month to assess if further action is necessary to tame inflation



Performance

Asset Class/Region	Currency				
		Week ending 4 Aug 2023	Month to date	YTD 2023	12 Months
Developed Market Equities					
United States	USD	-2.3%	-2.4%	17.4%	9.2%
United Kingdom	GBP	-1.7%	-1.7%	3.1%	4.7%
Continental Europe	EUR	-2.5%	-2.6%	11.8%	9.3%
Japan	JPY	-0.7%	-2.1%	22.0%	21.0%
Asia Pacific (ex Japan)	USD	-2.2%	-2.8%	5.9%	3.5%
Australia	AUD	-1.1%	-1.1%	6.3%	9.9%
Global	USD	-1.6%	-2.5%	16.0%	10.0%
Emerging markets equities					
Emerging Europe	USD	0.0%	-0.4%	23.6%	52.7%
Emerging Asia	USD	-2.1%	-2.6%	7.7%	3.8%
Emerging Latin America	USD	-3.6%	-3.8%	19.9%	26.3%
BRICs	USD	-1.4%	-2.3%	4.9%	2.9%
China	USD	-1.1%	-2.2%	2.4%	-0.5%
MENA countries	USD	-2.8%	-2.0%	4.2%	-8.5%
South Africa	USD	-6.9%	-6.6%	-0.5%	3.4%
India	USD	-1.1%	-1.6%	8.6%	8.7%
Global emerging markets	USD	-2.4%	-2.7%	8.4%	5.3%
Bonds					
US Treasuries	USD	-0.4%	-0.5%	0.9%	-4.4%
US Treasuries (inflation protected)	USD	-0.5%	-0.5%	1.5%	-5.5%
US Corporate (investment grade)	USD	-0.7%	-0.9%	2.7%	-1.9%
US High Yield	USD	-0.4%	-0.6%	6.3%	2.7%
UK Gilts	GBP	-0.6%	-0.9%	-3.7%	-18.0%
UK Corporate (investment grade)	GBP	-0.1%	-0.4%	1.0%	-8.7%
Euro Government Bonds	EUR	-0.5%	-0.5%	1.9%	-9.5%
Euro Corporate (investment grade)	EUR	-0.1%	-0.2%	2.8%	-3.8%
Euro High Yield	EUR	-0.1%	-0.2%	5.3%	3.7%
Japanese Government	JPY	-1.4%	-0.7%	0.4%	-3.1%
Australian Government	AUD	-0.4%	-0.5%	1.2%	-2.3%
Global Government Bonds	USD	-0.9%	-0.6%	0.5%	-5.4%
Global Bonds	USD	-0.8%	-0.7%	2.0%	-3.6%
Global Convertible Bonds	USD	-1.7%	-1.9%	6.6%	3.9%
Emerging Market Bonds	USD	-1.2%	-1.4%	3.7%	1.4%



Performance

Asset Class/Region	Currency				
		Week ending 4 Aug 2023	Month to date	YTD 2023	12 Months
Property					
US Property Securities	USD	-2.1%	-2.6%	4.9%	-7.2%
Australian Property Securities	AUD	-2.6%	-2.7%	2.6%	-5.7%
Asia Property Securities	USD	-3.6%	-3.1%	-6.0%	-9.0%
Global Property Securities	USD	-2.2%	-2.5%	2.7%	-7.1%
Currencies					
Euro	USD	0.1%	0.2%	3.0%	7.8%
UK Pound Sterling	USD	-0.7%	-0.6%	5.7%	5.2%
Japanese Yen	USD	-0.7%	0.2%	-7.6%	-6.2%
Australian Dollar	USD	-0.8%	-1.8%	-3.1%	-5.2%
South African Rand	USD	-4.4%	-3.1%	-7.4%	-9.5%
Swiss Franc	USD	-0.3%	-0.2%	5.8%	9.7%
Chinese Yuan	USD	-0.3%	-0.4%	-3.8%	-5.9%
Commodities & Alternatives					
Commodities	USD	-0.7%	-0.9%	-0.5%	-0.2%
Agricultural Commodities	USD	-2.8%	-1.1%	3.2%	7.3%
Oil	USD	1.5%	0.8%	0.4%	-8.4%
Gold	USD	-0.8%	-1.4%	6.5%	8.5%
Hedge funds	USD	0.0%	0.0%	1.0%	0.9%

Global Matters Weekly

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