

Weekly Market Update



9 December 2024

Last week was broadly positive for stock markets, with highlights including positive US labour market data, expectations of new China stimulus, and an ending to France's political troubles.

Market Monitor (%): How did major stock markets perform last week?



Market Update:



UK

Bank of England (BoE) Governor Andrew Bailey signalled in an interview with the Financial Times that he sees the potential for four interest rate cuts next year if the economy develops in line with the central bank's outlook. Reductions in interest rates are positive for bonds, especially UK government bonds, which have struggled in recent years.



US

Major stock indexes ended mixed in a week that saw the S&P 500 Index continue to hit record highs. The week brought several closely watched economic reports, particularly related to labour market data, with much of the focus on Friday's nonfarm payroll report. The Labor Department reported that the U.S. added a seasonally adjusted 227,000 jobs in November, which was slightly higher than consensus estimates. The November number represented a sharp rebound from October's disappointing data amid the fallout from hurricanes in the southeast U.S. and a major strike at Boeing. The report also noted that unemployment in November increased a tick to 4.2%. Major stock indexes opened higher on Friday as investors appeared to celebrate the final major labour market update ahead of the Fed's December meeting.



Europe

European stocks ended over 3.6% higher, as jitters about political instability in France abated. In France, Prime Minister Michel Barnier's minority government collapsed after Parliament backed a no-confidence motion tabled by the National Rally (NR) and leaving New Popular Front to stymie the proposed deficit-reducing budget for 2025. President Emmanuel Macron said he would appoint a new prime minister in "coming days" and meet with political leaders from the left and right to form a new "government of general interest."



Japan

Japan's stock markets rose over the week, with the Nikkei 225 Index gaining 2.3. The weakness of the yen supported the profit outlooks for Japan's export-heavy industries. The latest commentary from the BoJ was balanced, one member of the central bank's board, reiterated that the merits of an interest rate hike will be judged on incoming data, with a specific mention of wage and economic growth. Market participants remain broadly split between December and January for the timing on the next 25-basis-point rate hike. Recent comments by BoJ Governor on the need to observe 2025 wage trends and whether wage hikes are being reflected in service prices suggest that a January rate increase could be more likely.



China

Chinese stocks rose on anticipation of fresh stimulus measures, along with resilient manufacturing data released the prior week. Many analysts expect China's leadership will announce further action to support the economy during the Central Economic Work Conference, an annual meeting in which top officials map out the economic agenda for the next year. Economic growth targets and plans for more stimulus are among the topics that investors will look for at the two-day meeting, which starts December 11. Expectations are high that China will roll out additional measures to ward off the growth risks posed by the incoming Trump administration's trade policies.

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