

Chief Investment Office

# Weekly Market Commentary

For professional advisers only



## In Summary

- Another decent week for global markets, as US equities make it four weekly gains in a row.
- A quieter week for interest rate decisions, but plenty of central bank 'jaw-jaw' to watch out for.
- One of the highlights this week, generative Artificial Intelligence (AI) 'poster child' Nvidia reports results are due.
- As analysts learn to grapple with Nvidia's results potential, it gets harder to positively surprise.

Although Friday was a bit mixed, it was a decent week overall for global equities last week. Both the pan-European Stoxx 600 equity index and the US S&P 500 equity index were up on the week in US dollar terms, with technology stocks leading. For the US S&P 500 in particular, it was the fourth up-week in a row, its longest weekly winning-run since February. This week, there are plenty of planned announcements to keep investors' attention. There is a raft of central bank speeches due throughout the week, as well as results from US megacap technology company Nvidia out on Wednesday. We also have preliminary readings on the latest global Purchasing Manager Indices (PMIs) for the month of May from around the world due on Thursday. Closer to home, UK Consumer Price Index (CPI) inflation data is due Wednesday, and UK retail sales and consumer confidence are due Friday. In Asia, at the end of the week we have Japanese CPI inflation data due. For today, in Asia, equity markets are on the front foot, following Chinese government measures at the tail-end of last week aimed at trying to stimulate the country's beleaguered property sector. Finally, keep an eye on the Middle East this week following Iranian state media reports overnight that a helicopter carrying Iranian President Ebrahim Raisi has crashed amid heavy fog in northern Iran, killing the president and his foreign minister.

Apart from New Zealand on Wednesday, is it a quieter week for major central banks' rate decisions this week. Nonetheless, there is still a lot of monetary policy 'jaw-jaw' planned. There are speeches from central bank members and/or the publication of recent meeting minutes scheduled from central banks around the world this week. Just tomorrow for example, we are due to get planned speeches from the US Federal Reserve

(Fed)'s Bostic, Barkin, Barr, Waller, and Williams, as well as from European Central Bank president Lagarde, and Bank of England governor Bailey. On top of that, this week we are due to get minutes from recent rate-setting meetings from the Reserve Bank of Australia tomorrow, with the highlight expected to be the Fed minutes due out on Wednesday.

The US-listed semi-conductor chip designer Nvidia is due to report its latest quarterly results on Wednesday this week. In doing so, it will complete the quarterly results picture from the so-called 'magnificent seven' group of US megacap technology companies. It is hard to overstate just how important Nvidia's results will be. Nvidia is the 'poster child' of the current Generative Artificial Intelligence (AI) macro-economic and market wave sweeping the world. Since the beginning of last year, Nvidia has been the market's star, and with the third-biggest market capitalisation in US stocks currently (after Microsoft and Apple), Nvidia clearly has the ability to move markets.

Nvidia has hitherto been making a habit of beating analyst expectations on results and guidance. However, interestingly the scale of these beats has been diminishing a little over the last couple of quarter results releases. Some of this is to be expected perhaps as the investment community learns to grapple with the company's prospects and better understand its results potential. The flipside however is that it is getting harder with each time Nvidia reports results to positively surprise versus expectations. That matters a lot in the very short-term for market direction in particular. Bottom line?... expect an awful lot of noise and market volatility around Nvidia's results due out on Wednesday.

## Economic indicators (week beginning 13 May 2024)

Day	Data Release	Consensus	Prior	Actual
Tuesday	Germany ZEW Survey Expectations May	46.4	42.9	47.1
	Japan PPI YoY Apr	0.8%	0.8%	0.9%
	Germany ZEW Survey Current Situation May	-76.1	-79.2	-72.3
	Germany CPI YoY Apr F	2.2%	2.2%	2.2%
	United Kingdom Jobless Claims Change Apr	--	10.9k	8.9k
	Germany CPI MoM Apr F	0.5%	0.5%	0.5%
	United States PPI Final Demand MoM Apr	0.3%	0.2%	0.5%
	United Kingdom ILO Unemployment Rate 3Mths Mar	4.3%	4.2%	4.3%
	United Kingdom Claimant Count Rate Apr	--	4.0%	4.1%
	Germany CPI EU Harmonized YoY Apr F	2.4%	2.4%	2.4%
Wednesday	United States CPI MoM Apr	0.4%	0.4%	0.3%
	United States CPI YoY Apr	3.4%	3.5%	3.4%
	France CPI YoY Apr F	2.2%	2.2%	2.2%
	United States Retail Sales Advance MoM Apr	0.4%	0.7%	0.0%
	United States MBA Mortgage Applications 40299	--	2.6%	0.5%
	United States Empire Manufacturing May	-100	-14.3	-15.6
Thursday	Japan Industrial Production MoM Mar F	--	3.8%	4.4%
	United States Initial Jobless Claims 40664	220k	231k	222k
	Japan GDP SA QoQ 1Q P	-0.3%	0.1%	-0.5%
	Australia Unemployment Rate Apr	3.9%	3.8%	4.1%
	Japan GDP Annualized SA QoQ 1Q P	-1.2%	0.4%	-2.0%
	Australia Employment Change Apr	23.7k	-6.6k	38.5k
	Italy CPI EU Harmonized YoY Apr F	1.0%	1.0%	0.9%
	United States Housing Starts Apr	1420k	1321k	1360k
	Japan GDP Deflator YoY 1Q P	3.3%	3.9%	3.6%
	United States Industrial Production MoM Apr	0.1%	0.4%	0.0%
Friday	China Industrial Production YoY Apr	5.5%	4.5%	6.7%
	China Retail Sales YoY Apr	3.7%	3.1%	2.3%
	United States Leading Index Apr	-0.3%	-0.3%	-0.6%
	China Property Investment YTD YoY Apr	-9.7%	-9.5%	-9.8%

Source: Bloomberg, data accessed 20 May 2024.



## Economic indicators (week beginning 20 May 2024)

Day	Data Release	Consensus	Prior
<b>Monday</b>	Japan Tertiary Industry Index MoM Mar	-0.1%	1.5%
<b>Tuesday</b>	Canada CPI YoY Apr	2.7%	2.9%
	Canada CPI NSA MoM Apr	0.5%	0.6%
	Australia Westpac Consumer Conf SA MoM May	--	-2.4%
<b>Wednesday</b>	United Kingdom CPI YoY Apr	2.1%	3.2%
	United Kingdom CPI MoM Apr	0.1%	0.6%
	United Kingdom CPI Core YoY Apr	3.6%	4.2%
	Japan Core Machine Orders MoM Mar	-2.0%	7.7%
	United States MBA Mortgage Applications 42856	--	0.5%
	United States Existing Home Sales Apr	4.22m	4.19m
<b>Thursday</b>	United States Initial Jobless Claims 43221	220k	222k
	France HCOB France Manufacturing PMI May P	45.9	45.3
	France HCOB France Services PMI May P	51.7	51.3
	Japan Jibun Bank Japan PMI Mfg May P	--	49.6
	Germany HCOB Germany Manufacturing PMI May P	43.3	42.5
	United Kingdom S&P Global UK Manufacturing PMI May P	49.5	49.1
	United States S&P Global US Manufacturing PMI May P	49.9	50.0
	United States New Home Sales Apr	679k	693k
	France HCOB France Composite PMI May P	51.0	50.5
<b>Friday</b>	United States U. of Mich. Sentiment May F	67.7	67.4
	United States Durable Goods Orders Apr P	-0.7%	2.6%
	Japan Natl CPI YoY Apr	2.4%	2.7%
	United Kingdom Retail Sales Inc Auto Fuel MoM Apr	-0.5%	0.0%
	United Kingdom Retail Sales Inc Auto Fuel YoY Apr	-0.2%	0.8%
	United States U. of Mich. 5-10 Yr Inflation May F	--	3.1%

Source: Bloomberg, data accessed 20 May 2024.



## Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2408	-0.31%	-0.06%	8.71%	10.89%
MSCI USA USD	5053	1.58%	1.62%	11.02%	11.44%
MSCI Europe ex UK EUR	209	0.39%	0.58%	8.81%	10.51%
MSCI AC Asia ex JPN USD	570	2.93%	3.03%	7.87%	8.70%
MSCI Japan JPY	1698	1.11%	1.14%	17.23%	18.22%
MSCI Emerging Markets USD	1100	2.63%	2.71%	7.43%	8.32%
Barclays Sterling Gilts GBP	227		0.45%		-2.89%
GOLD USD	2415	2.32%		17.07%	
WTI Oil USD	80	2.30%		11.74%	
MSCI PIMFA Income		0.17%	0.25%	4.64%	5.68%
MSCI PIMFA Balanced		0.15%	0.24%	5.65%	6.69%
MSCI PIMFA Growth		0.10%	0.19%	7.58%	8.57%

Source: Bloomberg, MSCI; please see important information, data accessed 20 May 2024.

**YTD denotes year to date, TR denotes total return and CR denotes capital return.**



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