



Article MARKET COMMENTARY

Market round-up: 26 – 30 August

Tom Watts recaps the week and looks ahead to next week.

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This week just ended

After 15 years and much recent speculation, it's time to zip that cagoule all the way up to the top as Britpop favourites Oasis announced they were hitting the road again for a 2025 reunion tour this week. With the tempestuous relationship between the this week. With the tempestuous relationship between the Gallagher brothers seemingly patched up for now, fans are obviously delighted at the news, dusting off their favourite albums or simply a generation of fans seeing what all the fuss is about, with Spotify data showing

streaming of their back catalogue jumping 160% globally on Monday alone.

With financial markets having thrown a tantrum of rock star proportions earlier in August, it seems that much like the two brothers, serenity has taken hold for the time being. Adding to the becalmed mood, it was very much a case of (*What's the Story*) *Morning Glory* as the British Retail Consortium released fairly upbeat figures for the High Street first thing on Monday. The data showed that prices in Britain's shops have fallen for the time in almost three years, dropping 0.3% from 12 months ago. The drop seems largely down to retailers being forced to slash prices to offload summer clothes and household goods after the gloomy weather.

The news will be music to the ears of policy makers at the Bank of England who recently remarked that it is "too early to declare victory" over inflation with falling charges at the tills helping to aid the overall moderation of price rises further.

Of course, it has not just been in the UK where the important data has come from this week, but *all around the world*. For the US, Monday also gave us Consumer Confidence Figures, giving the results of a survey of 3,000 American households who have all been asked to rate the relative level of current and future economic conditions. Interestingly, confidence declined among consumers under 35 while it increased for those 35 and older and despite the overall improvement in the headline reading, confidence also declined for consumers earning less than \$25K. On a six-month moving average basis, consumers earning over \$100K remained the most confident.

Much like Noel Gallagher, it was Atlanta Fed Governor, Raphael Bostic, that wanted to *talk tonight*, discussing his views on future US rate policy late on Wednesday evening. For much of this year Bostic has said he has expected the US Federal Reserve would need to cut rates just once this year, likely in the fourth quarter. However, in recent weeks he has signalled his openness to starting earlier. Remarking that it may be "time to move" on rate cuts.

Making it clear that he still felt a rate cut would be premature, Bostic remarked "If I'm going to err on one side, it's going to be waiting longer just to make sure that we don't have that up and down... I don't want us to be in a situation where we cut, and then we have to raise rates again: that would be

Some might say the Fed Governor could be an Oasis fan himself, echoing the sentiment of one of the band's most famous tracks, with the tone of his words ensuring those at the central bank don't look back in anger...

This coming week

Carrying on the Oasis theme, the coming week sees us transition into September, a month usually recognised for including the beginning of the academic year but overlooked when it comes to its birth flowers, the *Forget-Me-Not* and the aptly named *Morning Glory*.

As the name suggests, most Morning Glory flowers unfurl into full bloom in the early morning, aptly much like an economist during the coming week, as Monday morning offers a raft of economic data to get stuck into. The beginning of the week will see a mass of Purchasing Manager's Index (PMI) readings. Covering both the Manufacturing and Services sectors for Germany, France, an overall European composite, the UK and US. The readings will give us an invaluable sense of the global economy at a company level as businesses will be asked to rate the relative level of business conditions including employment, production, new orders, prices, supplier deliveries and inventories.

In an unusually quiet week for economic news, the notion seems to be very much *Little By Little* as the second half of the week sheds further light on the state of the US labour market. Firstly, Wednesday sees job opening data released, detailing the amount of new roles coming onto the market over the past month. The data itself can have a big impact as job openings act as a leading indicator of overall employment.

The picture is completed with Friday's US non-Farm Payroll data. Often considered one of the Fed's favoured pieces of information when determining their next rate move, we should expect heightened market volatility come the end of the week during its release. The employment data itself will be accompanied by Average Hourly Earnings, allowing us to gauge future inflation expectations as the more consumers earn, the more they tend to spend. It all combines to be a vital piece of data for the Federal Reserve and should take on added significance with the labour market having shown further signs of deterioration during the previous months flashing recession warnings, demonstrating *the importance of being idle* when it comes to the overall economy.

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