

Last Week at a Glance

Stock and bond markets appreciated last week amid light, late summer trading. Small-cap and value stocks outperformed the broad market. As US Treasury yields dropped, the US dollar lost ground against the Japanese yen, euro, and pound sterling.

- Markets priced in higher certainty that the US Federal Reserve will cut rates by at least 25 basis points in September. In his Jackson Hole address, Chairman Jerome Powell shared his confidence that the balance of risks has shifted toward economic weakness and that it is time for monetary policy to pivot toward easing. The rate-sensitive two-year Treasury yield closed the week below 4% for the first time in more than a year.
- US nonfarm employment statistics were revised down by 818,000 for the year through March 2024. The larger-than-typical revision may be overstated to the degree payrolls exclude undocumented workers, who are omitted from the survey. Even if accurate, the lower payroll estimates are not soft enough to reflect recessionary conditions.
- Markets showed little reaction to US and European Purchasing Manager Index (PMI) data for August. PMIs generally reflected weaker-than-expected manufacturing data and stronger-than-expected services data, with manufacturing readings indicating contraction, and services, expansion.
- Japanese July CPI was slightly higher than expected, with energy prices lifting as electricity and gas subsidies expired. Excluding food and energy, CPI was 1.9%, in line with expectations and below the 2.2% June reading. Japanese government bond yields edged up as Bank of Japan Governor Kazuo Ueda reiterated the central bank's intention to normalize monetary policy. The yen strengthened relative to the US dollar.

MARKET PERFORMANCE

As of August 25, 2024 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	1.2	1.3	16.0
Developed Markets	1.3	1.4	16.5
United States	1.5	2.1	18.5
Euro Area	1.5	0.4	9.3
United Kingdom	0.1	0.2	10.8
Japan	0.1	-3.7	15.5
Emerging Markets	0.2	0.3	12.0
Fixed Income			
US Aggregate	0.7	2.0	3.6
US Treasuries	0.6	1.8	3.1
US Corporate IG	0.8	2.2	4.1
US Corporate HY	0.7	1.4	6.1
Real Assets			
Global Equity REITs	3.0	4.8	8.6
Global Natural Resources	0.1	-2.4	4.3
Gold Bullion	1.0	3.9	21.8
Currencies			
EUR/USD	1.7	3.3	1.2
GBP/USD	2.3	2.7	3.5
USD/JPY	-1.9	-3.5	3.0