

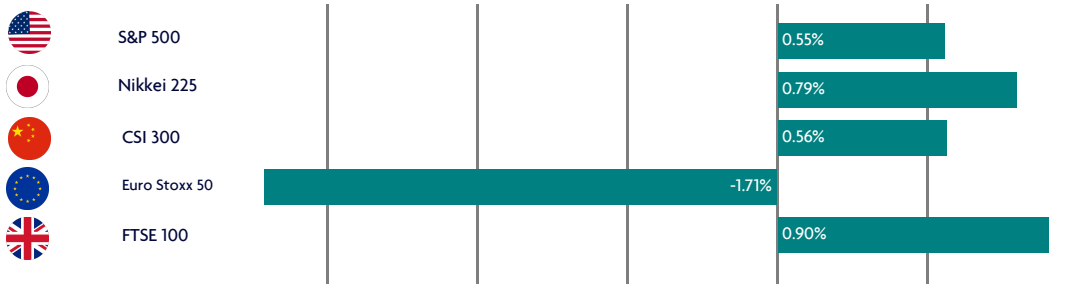
# Weekly Market Update

7 May 2024

Markets performed generally well last week as corporate earnings continued to be released and economic data published.



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



## Market Update:



UK

UK stocks rose over the week. Mortgage lenders in the UK approved 61,325 mortgages in March, up from 60,497 in February, according to the Bank of England. The increase to an 18-month high provided further evidence that the housing market began to recover this year. Still, the Nationwide Building Society's house price index for April fell 0.4% sequentially, the second consecutive monthly decline and a sign that activity may be moderating.



US

Stocks ended higher following a volatile week featuring a raft of economic and earnings data. It was the second-busiest week of first-quarter earnings reports, and a positive reception to Apple's earnings release after the close of trading on Thursday seemed to help drive a rebound in overall sentiment. The main driver of the week's gains appeared to be Friday morning's nonfarm payrolls report, which showed that employers added 175,000 jobs in April, less than expected and the lowest number since November. While the miss signalled a cooldown in the labour market, and thus lower inflationary pressures, investors may have been more pleased by a surprise slowdown in monthly wage increases.



Europe

Eurozone gross domestic product surprised to the upside in data released last week, expanding 0.3% in the first quarter, after shrinking 0.1% in the final three months of 2023. The in Q4 meant that the economy fell into a technical recession in the second half of last year. European Central Bank (ECB) policymaker and Bank of France Governor François Villeroy de Galhau said that the latest data strengthened confidence that inflation would return to the 2% target by next year, suggesting that the ECB should be able to start lowering borrowing costs in June.



Japan

As perceptions grew that Japanese authorities had intervened in the foreign exchange markets twice during the week to prop up the yen, Japanese stocks generated positive returns. Changes in the Bank of Japan's (BoJ's) accounts suggested that such interventions had taken place, although the authorities refrained from confirming that they had finally acted with a view to halting the Japanese currency's historic slump. On the corporate news front, the latest earnings season saw more than two-thirds of Japan's large public companies report higher profits, according to an analysis of company earnings releases by the Nikkei news organization. Generally, solid profit growth was attributable to a range of factors including yen weakness, price hikes, and a rebound in inbound tourism.



China

Chinese stocks rose in a holiday-shortened week on hopes that the government will ramp up support. China's top decision-making body, the 24-member Politburo, pledged to implement prudent monetary and fiscal support to shore up demand at its April meeting last Tuesday. Officials stated that China would make flexible use of monetary policy tools to restore growth, including possible cuts to interest rates and the reserve requirement ratio, which sets the amount of cash that banks must set aside in reserve. The value of new home sales by the country's top 100 developers slumped 45% in April from the prior-year period, in line with March's decline, according to the China Real Estate Information Corp. Transactions fell by 13% from the previous month. China's housing downturn, now in its fourth year, remains a significant drag on the economy, as it has made consumers reluctant to spend and left developers with a massive supply of unfinished apartments.



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