

WEEKLY BULLETIN

Sep 2024: Issue #1

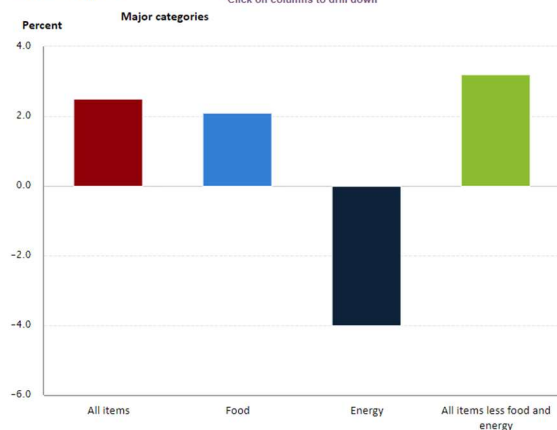
Quote of the Week.

Inflation is not only unnecessary for economic growth. As long as it exists it is the enemy of economic growth – Henry Hazlitt

September period has started with a strong focus on inflation and speculation about the Federal Reserve easing its high Fed funds rate. Market noise continues around a potential rate cut in the September FOMC meeting, influenced by the following CPI data:

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revise
6)	09/11	20:30	🔊	🔔	📊	CPI MoM	Aug	0.2%	0.2%	0.2%	-
7)	09/11	20:30	🔊	🔔	📊	CPI Ex Food and Energy MoM	Aug	0.2%	0.3%	0.2%	-
8)	09/11	20:30	🔊	🟢	📊	CPI YoY	Aug	2.5%	2.5%	2.9%	-
9)	09/11	20:30	🔊	🔔	📊	CPI Ex Food and Energy YoY	Aug	3.2%	3.2%	3.2%	-

12-month percentage change, Consumer Price Index, selected categories, August 2024, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

Key Points from CPI data:

- Core CPI: Still indicates upward risk, though the rate of increase has slowed compared to the previous six months.
- Energy Prices: Continue to decline, but oil futures show a tendency to dip before CPI releases and rebound afterward.
- Rent CPI: Increased by 4.5% (annualized), signaling persistent inflationary pressure in the housing market.
- Food Prices: Remained stable month-to-month, with a slight 0.9% year-over-year increase, reflecting stability in this category.

August CPI data presents a nuanced inflation picture. Core inflation, especially in services and housing, continues to pose upward risks. Meanwhile, durable goods and energy prices are declining, offering some relief. The stability in food prices suggests a balanced consumer experience, though persistent inflation in core services points to ongoing economic challenges.

Given these mixed signals, I believe the likelihood of a 25bps Fed rate cut is higher than that of a 50bps reduction at this point. A 25bps cut would allow the Fed to address inflationary pressures while retaining flexibility to respond to evolving economic conditions. A more aggressive 50bps cut might signal that the Fed is worried about falling behind the inflation curve which could negatively impact risk assets.

Last Week 's Notable Events.

US Economy/Politics

- US inflation trending lower but some stickiness remains – 12th Sep
- America is fighting the wrong trade war, more tariffs will not help workers – 12th Sep

Europe Economy/Politics

- Eurozone economy grew less than expected in second quarter – 6th Sep
- ECB cuts interest rate to 3.5% – 12th Sep

Asia Pacific Economy/Equity

- Malaysia BNM Overnight policy rate maintained at 3.0% - 5th Sep
- Singapore tax revenue up 17% to S\$80.3 billion in FY23/24 due to strong economic wage growth – 4th Sep
- Japan 2Q GDP annualised q/q 2.9% vs expected 3.2%, last 3.1% - 9th Sep
- China August Exports +8.7% vs expectation 6.6% y/y – 10th Sep

Weekly Data Monitor

Weekly chart:

- US stocks erases early sell-off and gains on stronger market calls for Fed to cut rates in September FOMC.
- Gold surges on higher Fed cut expectation.
- US Real Estate gains on Fed cut bets.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	2.98	1.39	17.58	29.50	21.63	75.85
S&P500	3.87	1.50	20.19	32.17	28.67	92.07
MSCI Asia Pacific	0.57	1.71	11.95	19.14	-5.58	19.92
Global Real Estate	3.42	3.84	13.50	32.30	3.19	19.77
US Real Estate	3.55	3.78	14.31	33.13	6.86	28.01
APAC Real Estate	0.68	2.82	6.51	14.80	-14.08	-16.64
Investment Grade	0.40	1.44	7.81	15.27	9.05	25.48
High Yield Bonds	0.41	1.77	3.67	11.80	-9.56	-4.10
Global HY ETF	1.68	5.22	10.41	17.34	17.16	30.13
ASIA Real Estate ETF	1.42	3.30	-2.31	2.80	-12.62	-16.26
USD Index	-0.06	-1.39	-1.03	-5.39	7.46	1.26
Gold	3.11	6.38	29.09	39.00	52.14	77.07
WTI Oil	1.43	-3.22	-0.66	-20.63	-3.78	26.00

Chart of the Week.

With increasing calls for the Fed to cut rates at the upcoming FOMC meeting, it's worth analyzing the gold chart. A potential rate cut is likely to support an upward trend in gold prices. Following the release of the August U.S. CPI data, buyers have formed a breakout pattern on the chart. Considering the current trend, sentiment, and momentum, the market's consensus forecast of \$2,623 could come into play if the Fed signals a stronger case for a rate cut in the latter half of 2024.



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