

**MARKETS CONTINUE TO RECOVER AS INVESTORS NAVIGATE UNCERTAIN ECONOMIC LANDSCAPE**

This week, all eyes are on the Jackson Hole symposium, where Fed chair Jay Powell is expected to provide crucial insights into the future of US monetary policy amidst a backdrop of economic uncertainty and election-year dynamics. Investors are keenly awaiting Powell's remarks, which could signal a shift in the Federal Reserve's stance on interest rates.

Meanwhile, in the UK, Keir Starmer's Labour government faces mounting pressure from trade unions demanding "pay restoration" to address a decade of real-terms salary cuts in the public sector. The outcome of these negotiations will be pivotal in shaping the government's approach to industrial relations and public sector reform. The unions are seeking a 5% pay rise for all public sector workers, which would cost the Treasury an estimated £9 billion a year. The government has so far resisted the unions' demands, arguing that the fiscal situation is too precarious to afford such a generous increase.

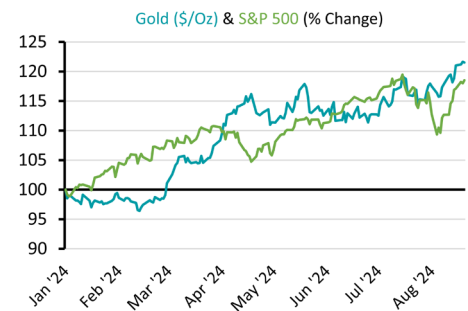
THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	MSCI Europe	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Iron Ore	GBP USD
+0.24%	+0.85%	+1.15%	+2.23%	+1.02%	-0.03%	+0.03%	-1.58%	-0.33%	-0.37%	+1.44%

GOLD PRICES SOAR AS MARKET RECOVERS FROM AUGUST SELL-OFF

In a climate of heightened geopolitical tensions and anticipated rate cuts, gold prices have soared to a record high of \$2,531 per ounce. This surge is driven by a mix of factors: increased holdings by Western investors in gold ETFs, strong demand from central banks in emerging markets, and significant interest from Chinese and Indian investors. The rise in gold prices also reflects market dynamics shaped by expectations of lower borrowing costs, enhancing gold's appeal relative to yield-bearing assets like bonds.

The stock market has seen a substantial recovery since the August sell-off, with the S&P 500 nearing its all-time high, signalling renewed investor confidence. This rebound is bolstered by strong US retail sales figures and economically sensitive data, pointing to a more robust economic outlook. Many investors now anticipate a "soft landing" for the economy, with Federal Reserve interest rate cuts expected by the year's end.

**US DOLLAR WEAKENS AS INTEREST RATE CUTS LOOM**

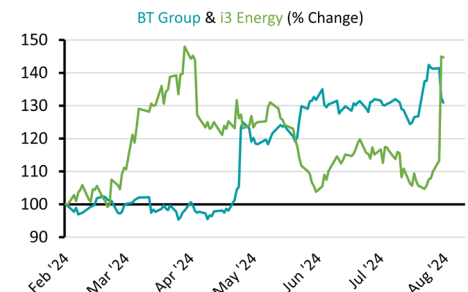
This week, the US dollar hit its lowest level since the start of the year, driven by expectations of Federal Reserve rate cuts and a fading August sell-off. The dollar has fallen 2.2% against a basket of rival currencies this month, as investors anticipate the US central bank to cut rates next month. Strong consumer spending has also further weakened the dollar with investors now awaiting Fed chair Jay Powell's speech at the Jackson Hole symposium for further guidance.

Markets are now pricing in up to three to four quarter-point US interest rate cuts by the end of the year as recession fears have alleviated. The Federal Reserve will be following the Swedish central bank, which cut rates by 0.25% to 3.5% on Tuesday. Further cuts are expected in Sweden to support their economy, which has been one of the worst performing in Europe this year. Multiple indicators suggest they are in a recession, while house prices are falling, and unemployment is rising.

BT FACES FULL FIBRE SETBACK WHILE PWC FACES PUNISHMENT

BT faced a setback this week as Sky selected CityFibre as its second broadband partner. Despite an existing agreement with BT, Sky's new customers will use CityFibre where BT's Openreach is absent. This move led to a 6.4% drop in BT's share price. In contrast, i3 Energy, a UK-based oil and gas company, saw its shares surge 26% on Tuesday morning after announcing advanced negotiations with Canada's Gran Tierra Energy for a potential deal valuing the firm at around £174mn.

Barratt Developments received a significant boost in their planned £2.5bn acquisition of Redrow after regulators signalled they would now clear the deal having initially flagged concerns. This positive development led to a 1.5% rise in Barratt's shares. Meanwhile, PwC China is expected to face a six-month business ban as Chinese authorities seek to penalise them over their audit of the collapsed property developer Evergrande. This move underscores the increasing scrutiny of auditing practices in China.



Data sourced from Yahoo Finance.

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