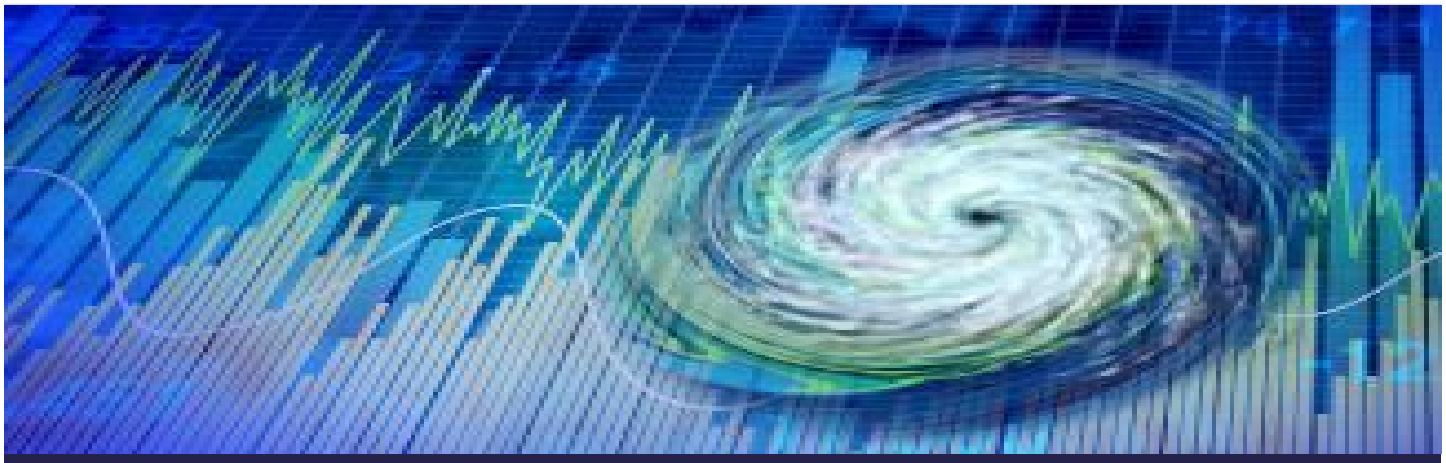
CAPITAL ECONOMICS



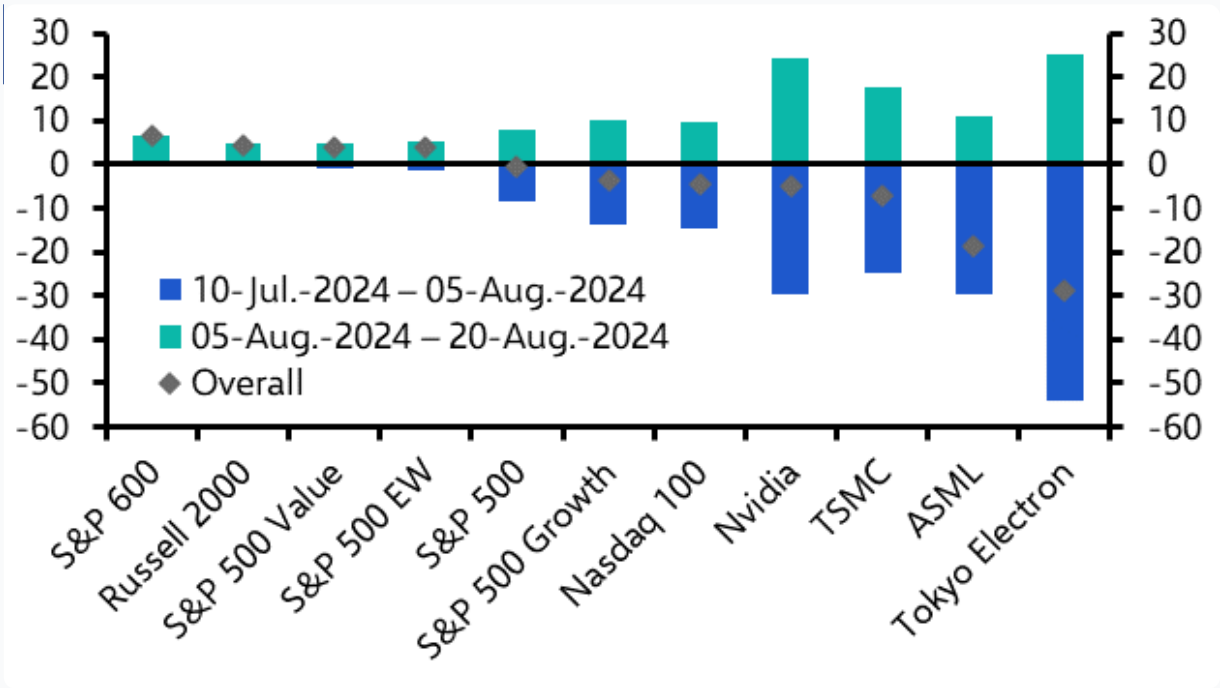
A volatile summer for financial markets

How a shifting global economic and policy outlook sent tremors through equity and bond markets

Recession or Goldilocks? See our US Scenarios dashboard for latest

probabilities

Explore here

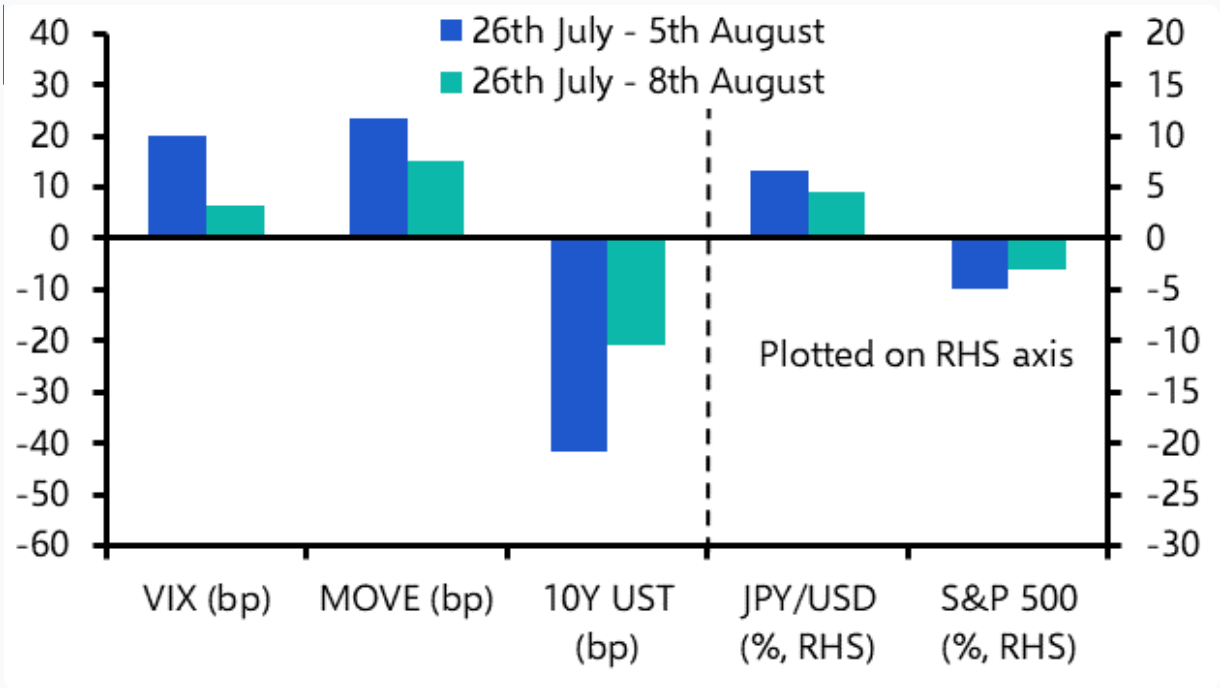


CAPITAL DAILY

Reviewing the recent round trip in markets

Nearly all of the pullback in the S&P 500 since the bout of rotation in the stock market began in the wake of June's CPI report on 11th July has now been reversed. Admittedly, the same cannot be said...

20th August 2024 · 4 mins read



CAPITAL DAILY

Taking stock of the recent market turmoil

Financial markets have generally now unwound about half of the big moves from late last week and early this week, helped by jobless claims data today soothing concerns over a US economic recession. In...

8th August 2024 · 4 mins read



JAPAN ECONOMICS WEEKLY

Bank of Japan will still press ahead with another hike

We're sending this Japan Economics Weekly one day earlier than usual because our Singapore office is closed on Friday for National Day. Financial markets have calmed following the turmoil earlier this...

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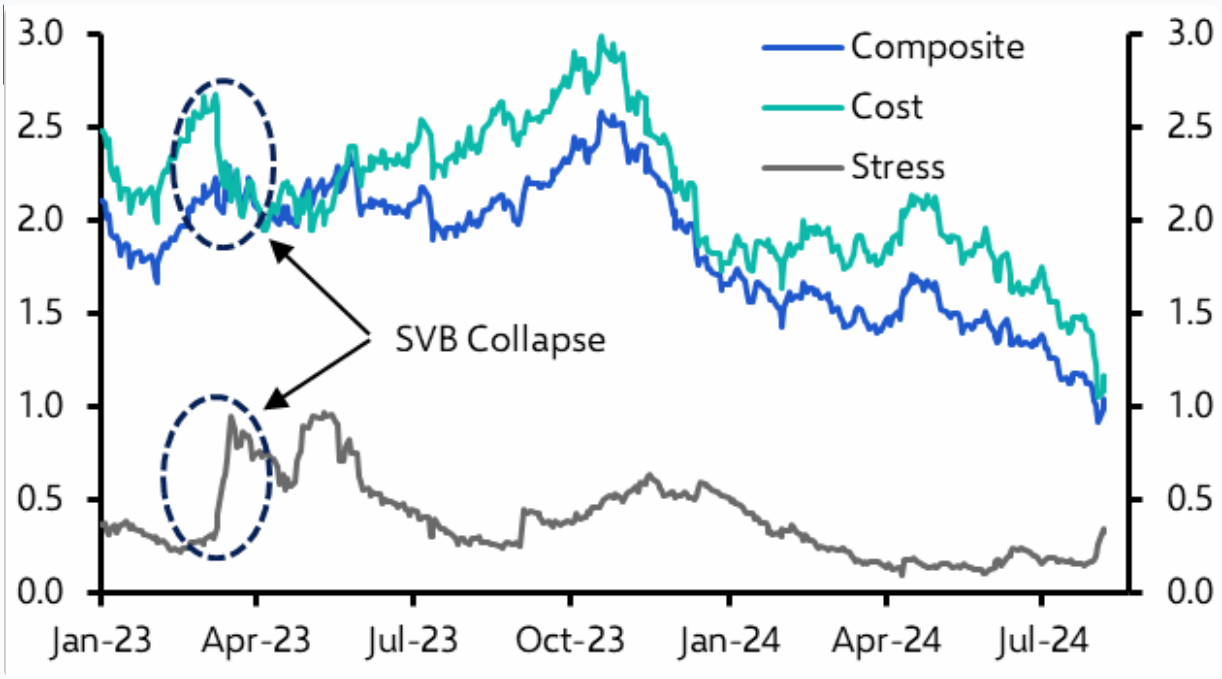


MIDDLE EAST & NORTH AFRICA ECONOMICS WEEKLY

The global market turmoil and the impact on MENA

Financial markets in the Middle East weren’t spared from the global sell-off earlier in the week. There could be a macro impact on the Gulf economies through the fall in oil prices, either via lower...

8th August 2024 · 7 mins read



GLOBAL ECONOMICS UPDATE

Financial conditions still loosening in most DMs

Market turmoil has not yet led to a tightening of financial conditions in the US and most other advanced economies. That's because borrowing costs have fallen sharply as investors have grown to expect...

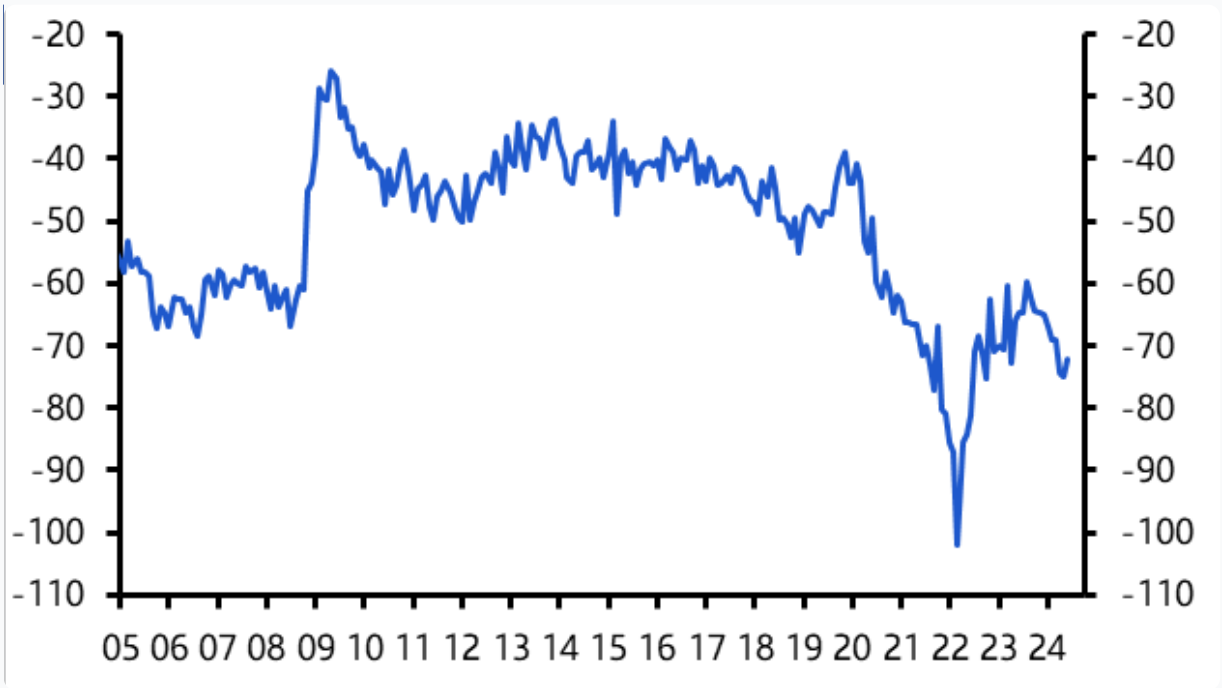
7th August 2024 · 4 mins read

ASK AN ECONOMIST

Why do you expect a US soft landing? What about rising credit delinquencies, high interest costs and smaller companies seeing net job losses? What would shift you to the hard landing camp? A blow-out in credit spreads?

There are certainly some concerning signs for the economy in the data, which is why we've marked up our judgement of the probability of a recession to 27% on our

7th August 2024

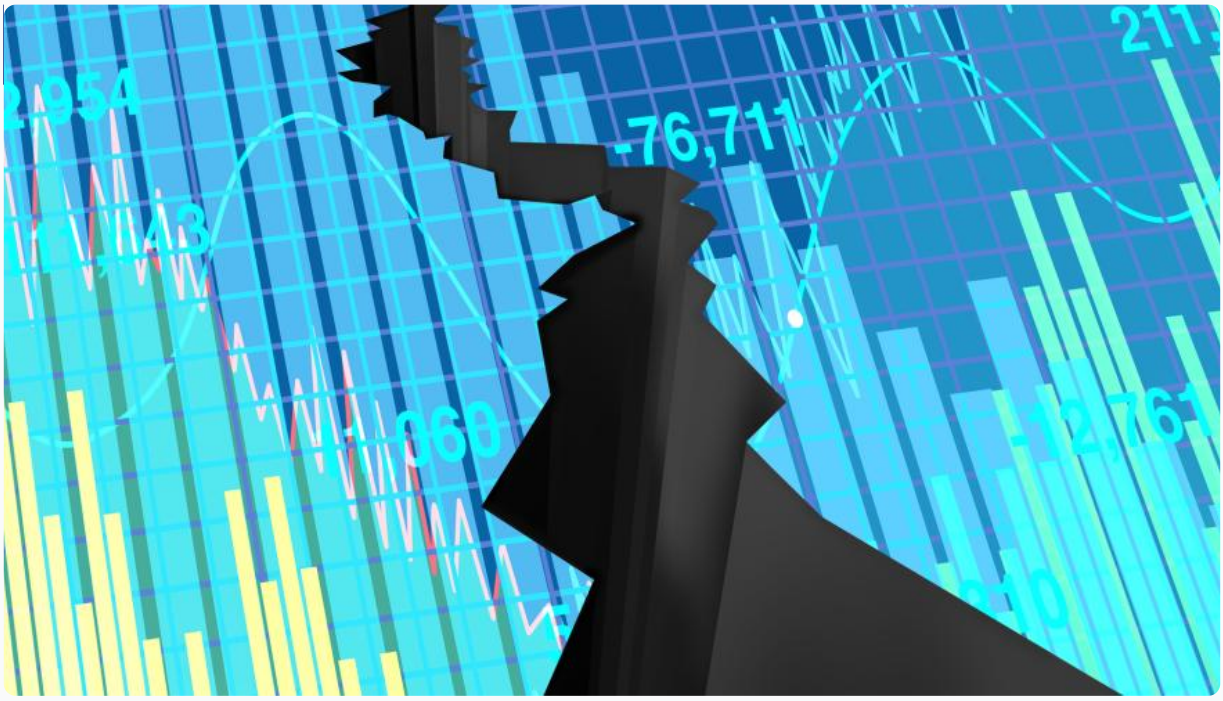


US ECONOMICS WEEKLY

Labour market cracks raise risk of hard landing

The sharp slowdown in payrolls in July and further rise in the unemployment rate cast doubt on the Fed's argument mid-week that it is still too soon to loosen policy. We now expect 25 bp cuts at each...

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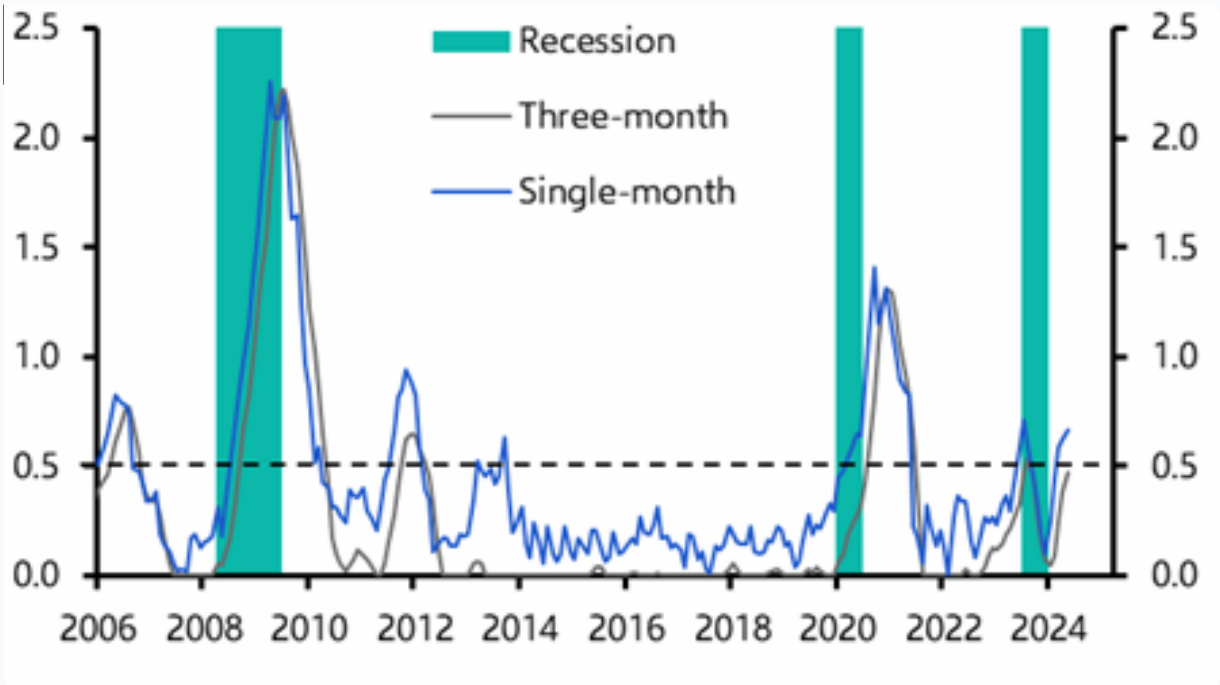


JAPAN ECONOMICS UPDATE

The financial stability risks from recent market moves

Even though it’s difficult to identify what could have broken as a result of the recent rapid market moves, a stronger yen is a bigger threat to the health of Japan’s financial institutions than...

7th August 2024 · 3 mins read

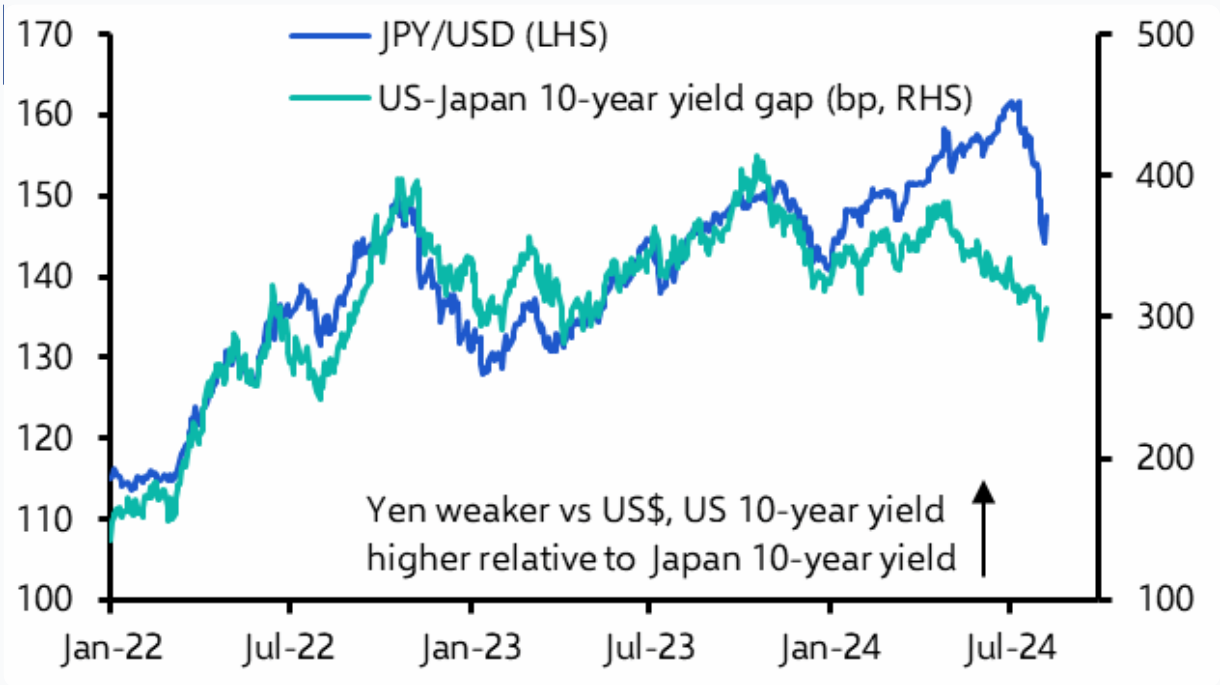


UK ECONOMICS UPDATE

Assessing the implications of the market turmoil for the UK

Although the UK has clearly been caught up in the recent turmoil in global financial markets, we do not think a double-dip recession is on the cards. Nonetheless, the disorderly market reaction, if...

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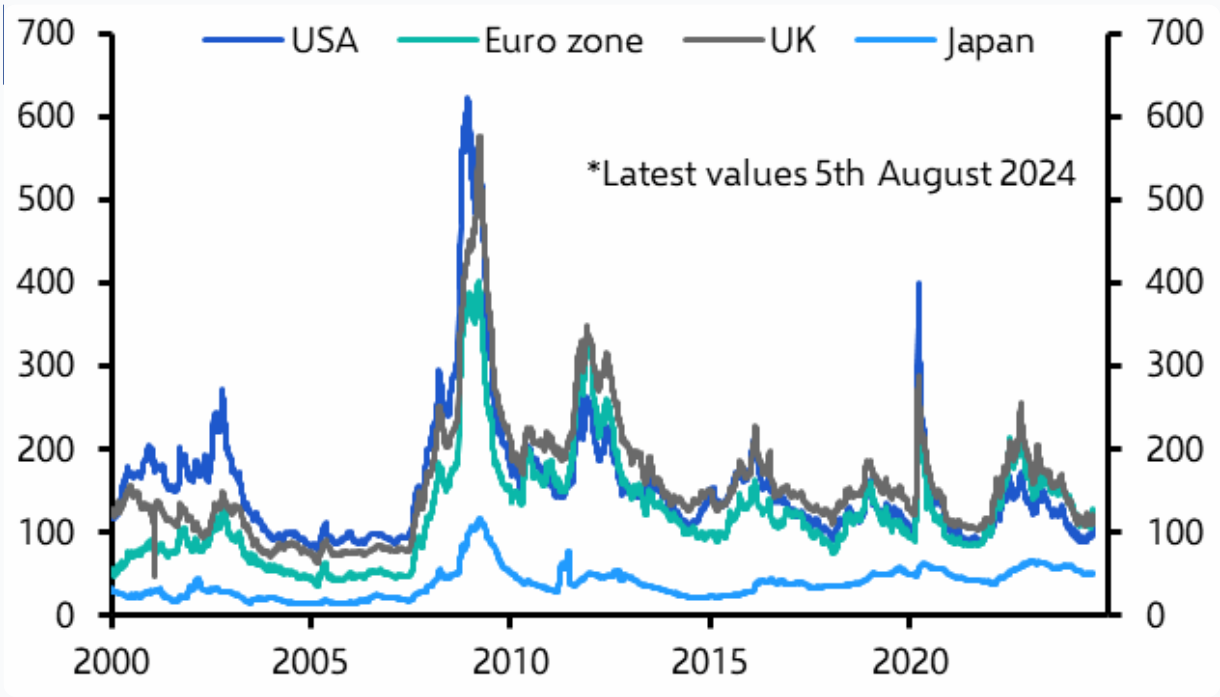


CAPITAL DAILY

Is the yen's rally – and all that went with it – over?

We're not so sure the yen's gains are done, even though it sagged earlier today.

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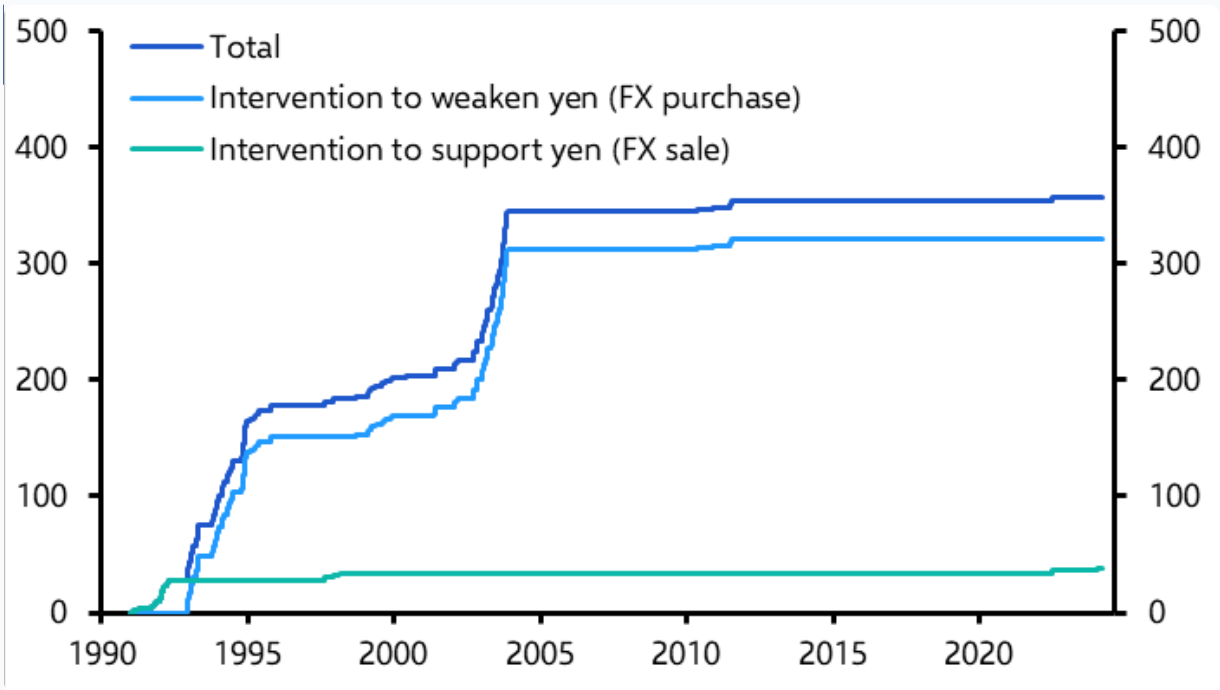


CAPITAL DAILY

What to make of turnaround Tuesday in Tokyo

Sentiment has improved in Asian markets today, especially in Japan where equities have rallied very strongly. We think there are a few observations worth noting of relevance for global markets.

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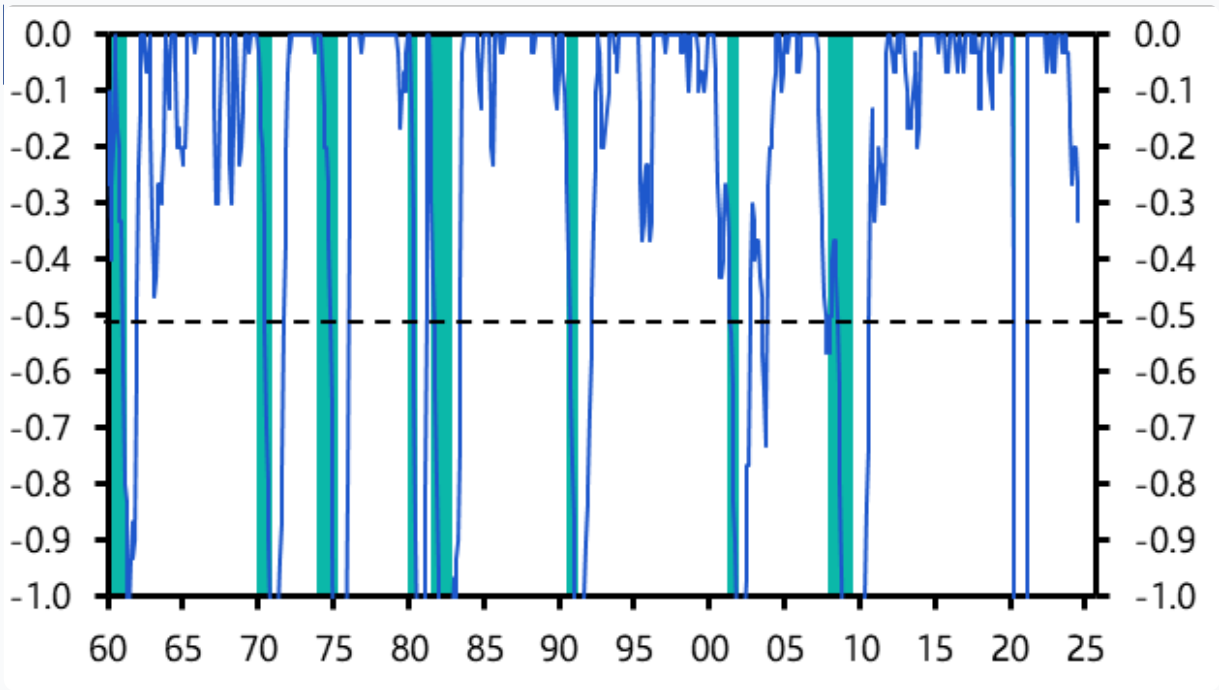


JAPAN ECONOMICS UPDATE

FX intervention to weaken yen unlikely

Japan’s government has intervened in the FX markets to weaken the yen far more often than to strengthen it. But FX interventions have become very rare over the past two decades and our sense is that...

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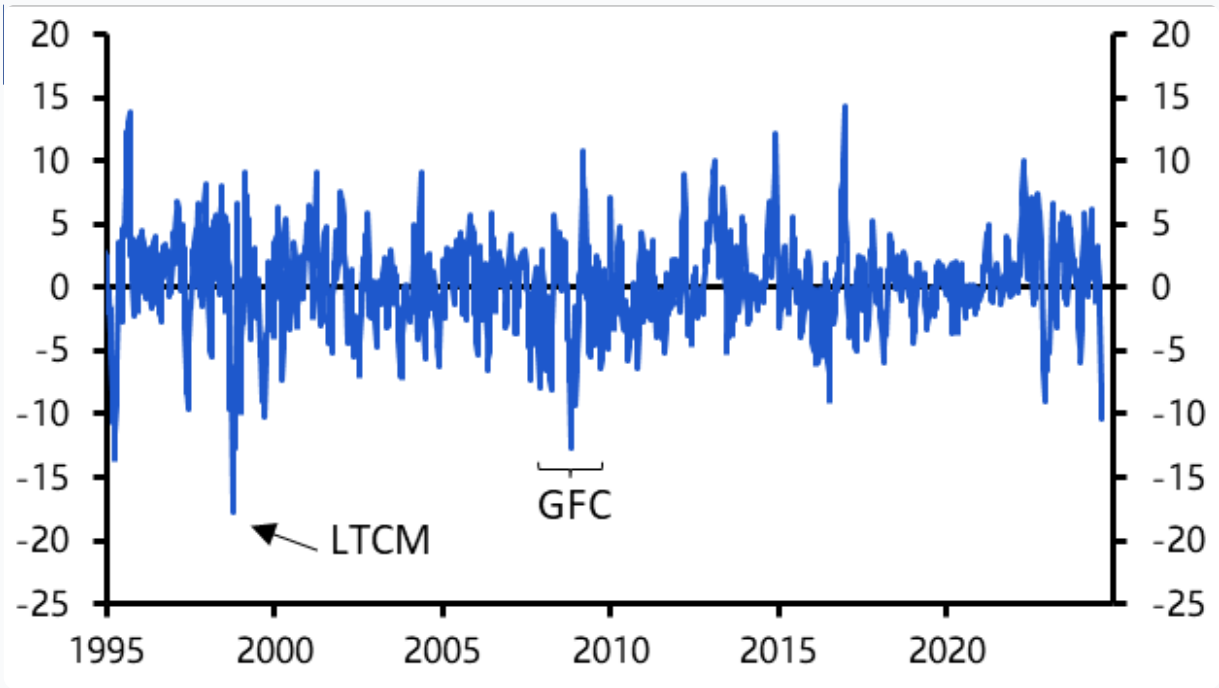


US ECONOMICS UPDATE

Hard landing risk rising, but not the base case

Despite the weakness of the latest labour market data, we judge that a soft landing is still the most likely outcome for the economy. Nonetheless, the risk of a hard landing has increased, while the...

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GLOBAL MARKETS UPDATE

This feels less like 2000 than 1998, and even then …

We doubt the AI-fuelled rally in global equities has burst, despite a rout in the stock market in the US after some disappointing data there last week and a plunge in Asian indices today. It feels...

5th August 2024 · 4 mins read



EMERGING MARKETS ECONOMICS UPDATE

US recession concerns, the market sell-off and EMs

Fears of a US recession have rattled EM equity markets at a time when EM economies themselves are showing more pronounced signs of weakness. Most EM currencies have held up well, suggesting a dovish...

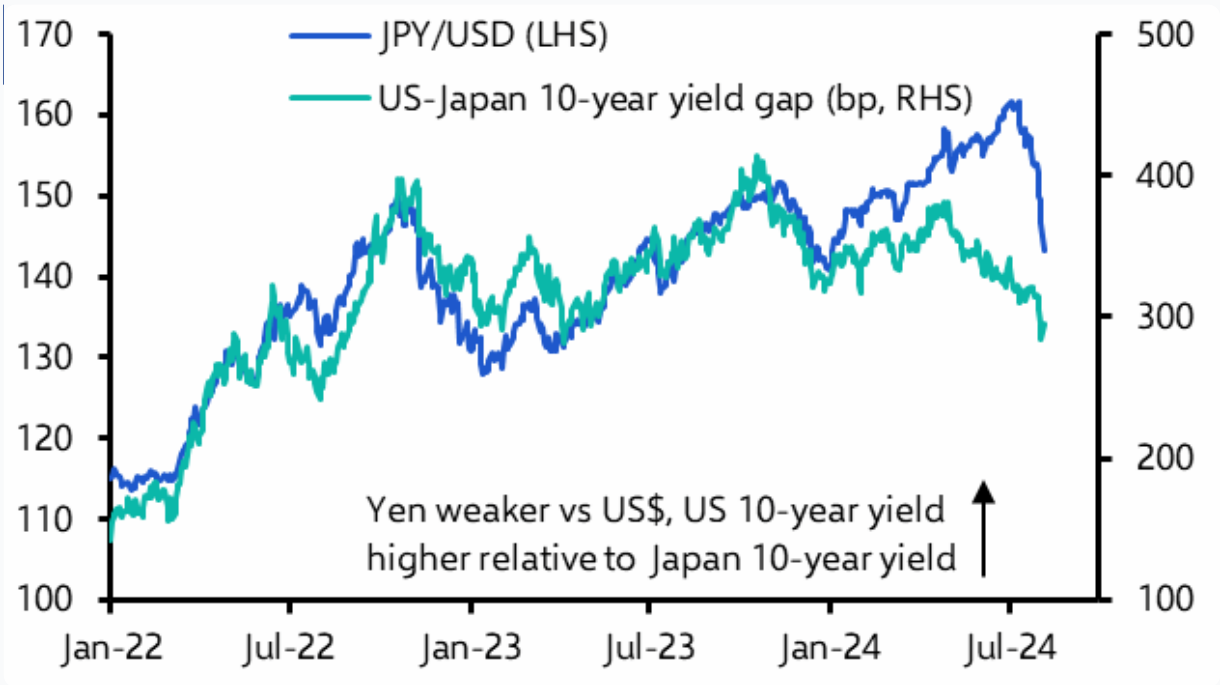
5th August 2024 · 3 mins read

CHIEF ECONOMIST'S NOTE

Recession fears, market panic – Key questions on what comes next

So much for the summer lull. Stock markets are in turmoil and bond yields have plunged as fears about a US recession have taken hold. For all the challenges in gauging where economies and markets are...

5th August 2024

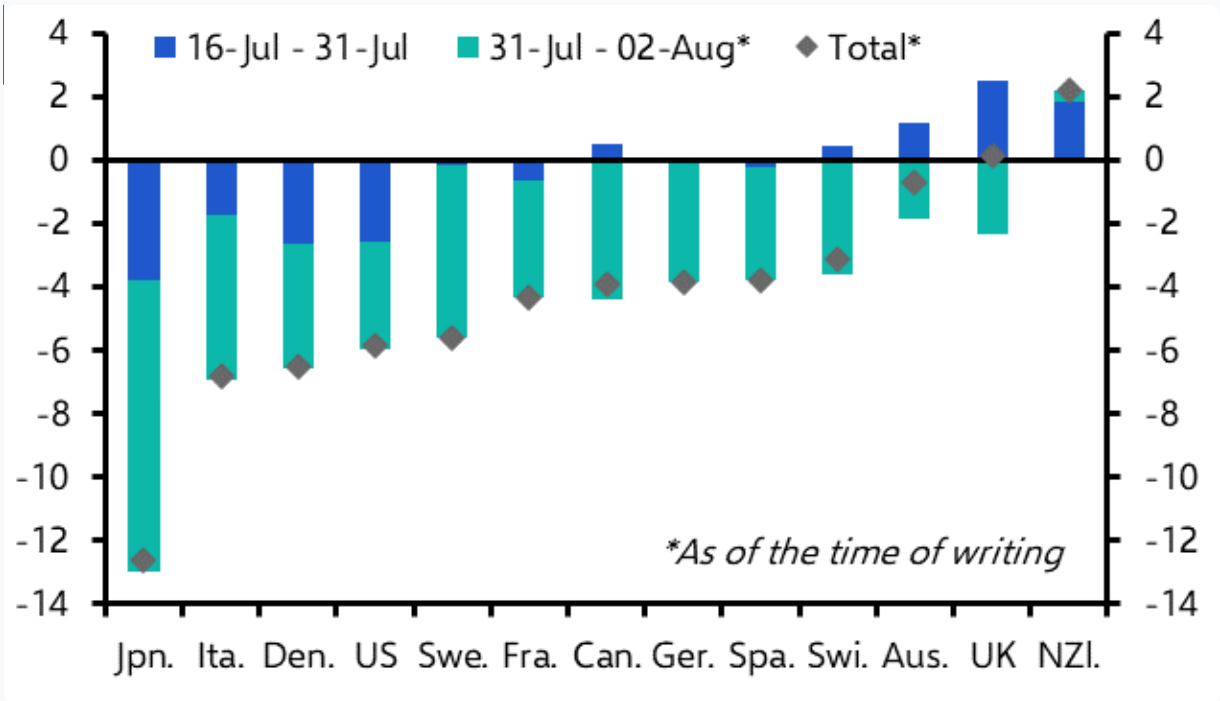


CAPITAL DAILY

Two questions (and answers) on today's Asian market drama

The yen surged today, and some Asian equity indices plunged, as investors worried about a "hard landing" in the US economy. We think there are two key questions to consider.

5th August 2024 · 5 mins read



CAPITAL DAILY

We doubt the US economy will stall the equity rally for long

Renewed fears of a US recession have increased the chances of additional rate cuts from the Fed. But we don't think that the US economy will stand in the way of an equity rally for much longer.

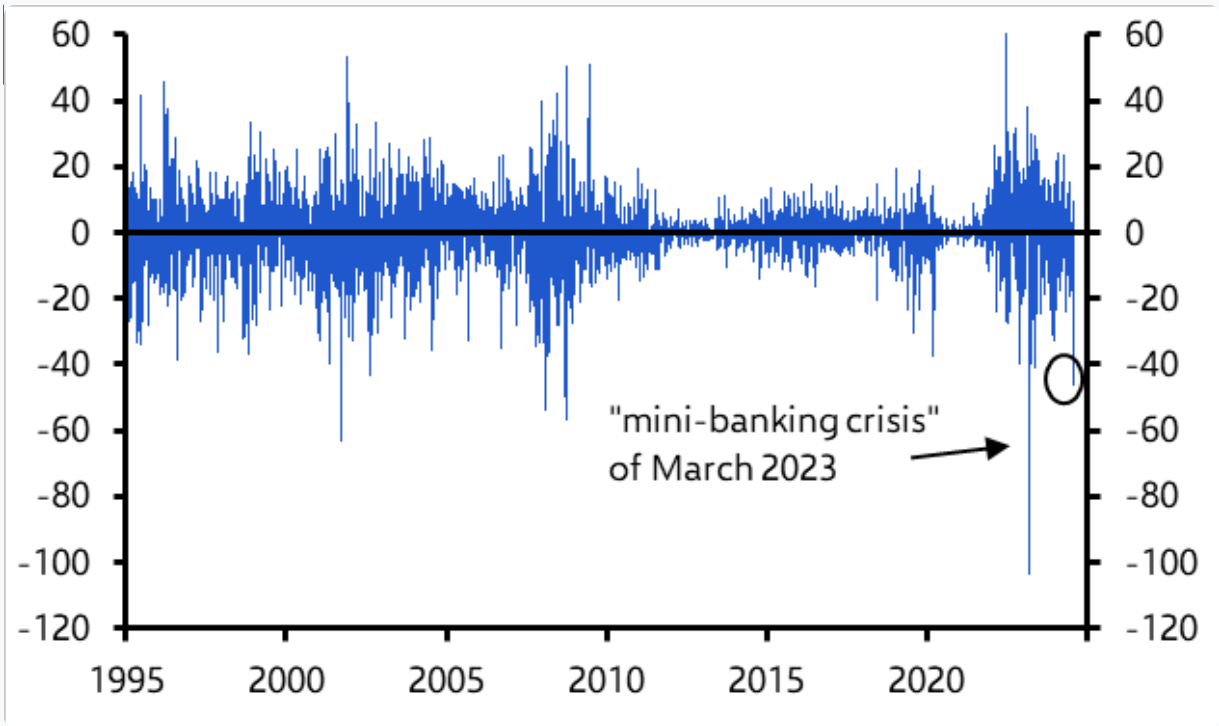
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EVENT

Drop-In: What to make of US recession fears and stock market turmoil

5th August 2024, 1:30PM BST

Fears about US recession are fuelling volatility in financial markets, sending stock prices and bond yields sharply lower. But how justified are these fears? And do moves in asset prices point to a...



FX MARKETS WEEKLY WRAP

Recession fears and the dollar, lessons from 2020 & 2023

Between a dovish message from the FOMC on Wednesday and a shockingly weak non-farm payrolls report today, the dollar is ending a turbulent week on the back foot. US interest rate expectations have...

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Payrolls fallout – The spectre of US recession haunts the stock market

2nd August 2024

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