Comment

August 2024

Volatility in US and Asia, UK quiet

August is typically a quiet month in capital markets. However, the slight positive return for UK equities in the month masks the large swings seen in some Asian and US markets that occurred on some days in the month. Commentators provided erudite explanations for the sharp moves after they happened, although fewer were made beforehand.

In the UK the underlying corporate data was not much changed as there was little news flow, so attention was drawn to macro issues. There was a good start to the month on this front when interest rates were reduced but as this was expected there was little impact on the market.

The number of sectors that fell over the month was matched by the number that rose. The best performers were Health Care and Consumer Staples with the other gainers only edging into positive territory. On the downside Energy, Materials and Information Technology recorded the largest declines as might be expected of dollar earners in a period when sterling appreciated.

On a slightly longer time scale, since the start of the year, UK equities have so far delivered a robust performance with some sectors ahead by over a fifth and none showing negative returns.

On an even longer time scale of 5 and 10 years it is evident that UK equities with a bias to value have delivered better returns than the market after a long period when they underperformed.

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