



MARKETS HOLD STEADY DESPITE PERSISTENT INFLATION, LOW GROWTH AND GEOPOLITICAL TENSIONS

This week financial markets have been unmoved by the news flow. There was little change in headline US inflation which, at 2.9%, remains high enough to be problematic. In the UK, GDP growth stalled in July and the three-month average slowed from 0.3% to 0.2%. A bigger surprise was the decline in Chinese consumer inflation, although this was only surprising as the drop in prices was a little larger than forecast. Meanwhile, the European Central Bank left interest rates unchanged as it sees steady inflation and improving, but still modest, economic growth this year.

Investors also appeared unmoved by rising geopolitical tensions. The shooting down of Russian drones over Poland and Israel's attack on Hamas' political leadership in Qatar passed with little market reaction and the price of oil fell slightly after OPEC countries agreed another production hike. The resignation of French prime minister Francois Bayrou was widely predicted and prompted little investor response. However, Japanese stocks rallied after prime minister Shigeru Ishiba's resignation as markets hope his replacement will bring slower rate hikes from the Bank of Japan.

THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	STOXX 600	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Copper	GBP USD
+0.88%	+0.93%	+3.86%	+0.44%	+3.74%	-0.12%	-0.09%	-0.40%	+2.12%	+2.21%	+0.45%

TECH: ORACLE MIRACLE EARNINGS SEND SHARES SKYHIGH



Oracle's shares skyrocketed following a stellar earnings report. The cloud computing giant said its booked future revenue leapt to \$455bn from \$138bn in just three months. The news blindsided analysts and investors, and Oracle shares jumped over 40%, adding close to \$270bn to its market capitalisation almost overnight. Founder Larry Ellison, who holds a 41% stake in the now \$922bn company, briefly took Elon Musk's crown as the world's richest man following the gain.

Enthusiasm for artificial intelligence development is driving up share prices, revenues and attracting record investment in data centres. A large portion of Oracle's rise in bookings comes from a \$300bn contract with ChatGPT developer OpenAI, after Microsoft failed to keep pace with the start-up's breakneck demand for computing. But the company also has contracts with AMD, Meta, Nvidia, xAI and others. Oracle's pipeline to supply computing power to AI groups now exceeds cloud rivals Microsoft, Amazon and Google.

Performance of Oracle share price and Nasdaq 100 (% change)

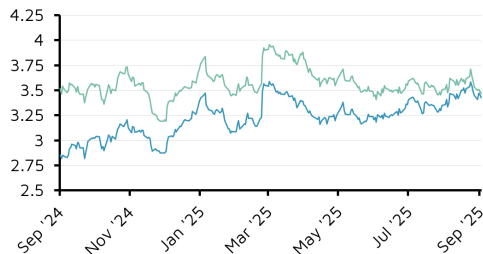


GLOBAL: JAPANESE EQUITIES RISE AS PM QUILTS AND FRENCH PM RESIGNS

Japanese equities made big gains after prime minister Shigeru Ishiba resigned as leader of the ruling Liberal Democratic Party. The LDP controls both houses of parliament but falling support means it now relies on coalition partners. Ishiba resigned, preempting a no confidence vote by party members. The Nikkei index gained almost 5%, as annual GDP was revised up to 2.2% in the second quarter, and political uncertainty is expected to slow the pace of interest rate hikes by the Bank of Japan.

French equities were less volatile as prime minister Francois Bayrou resigned after he lost a no confidence vote, as expected. President Emmanuel Macron has already appointed former defence minister Sebastien Lecornu as his successor. The CAC 40 index gained around 2%, but the yields on French government bonds have continued to rise, as bond values fall, relative to more indebted countries such as Italy due to investors' concerns that the French government appears unable to prevent a further rise in its deficit spending.

The Yield on 10-Year French Govt Bonds and 10-Year Italian Govt Bonds (%)



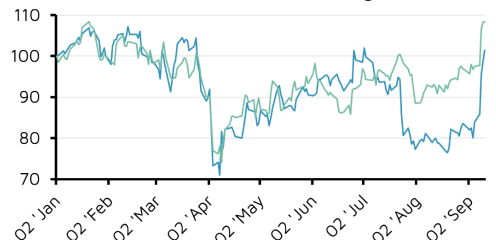
M&A: ANGLO AMERICAN AND TECK RESOURCES FORM \$50BN MINING GIANT



Anglo American is merging with Canadian copper producer Teck Resources to create a \$50bn mining behemoth. The new company "Anglo Teck" will be the world's fifth largest copper miner, producing 1.35m tonnes a year. Integrated production facilities are expected to save \$800m and generate \$1.4bn in profits after 2030. Both miners' shares gained on the announcement with Anglo up 10% and Teck rising 13%.

Anglo shareholders will receive a \$4.5bn dividend before the merger and own 62.4% of the new company, headed by Anglo's current CEO. But the two are carefully calling it a "true merger of equals" and not an acquisition, as Anglo is not paying any premium for Teck. To expedite the transaction and appease Canadian authorities, it is moving its headquarters to Vancouver. Mercifully for the London Stock Exchange, which is contending with a dearth of IPOs and an exodus of listed companies, Anglo Teck will retain its primary listing in London, though it will have secondary listings in Johannesburg, Toronto and New York.

Performance of Anglo American and Teck Resources shares (% change)



Data sourced from Investing.com

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