

Weekly Market Update

Heightened volatility in global markets emerged as countries grappled with Inflationary pressures and shifting monetary policies, particularly in the US and UK. These challenges highlight the fragility of the ongoing economic recovery amid geopolitical tensions and domestic fiscal concerns.

US

The US stock market saw significant volatility driven by mixed earnings reports from major companies, particularly in the tech sector

US Economic data indicated a stronger-than-expected growth rate of 2.8% for the second quarter, sparking debates about the sustainability of this growth amid inflation concerns

The Federal Reserve's policy adjustments remain a topic of intense discussion, especially as inflationary pressures and political factors complicate economic forecasts

Trump's potential return to the presidency is influencing market sentiment, with many investors betting on a favourable economic outcome if he wins

UK

The UK government prepares for the Autumn Budget, with Chancellor Rachel Reeves expected to announce significant tax hikes to stabilise the economy, potentially raising £20 billion from national insurance increases

The Labour Party is facing criticism over its handling of economic policy as it aims to address labour market uncertainties and inflation

Economic forecasts are gloomy, with reports suggesting that the UK economy may continue to struggle amidst rising costs and a fragile job market

Europe

The Eurozone's economic activity continues to decline, with manufacturing weakness persisting despite growth in the services sector, indicating a sluggish recovery

Germany's tax revenues are projected to fall short by nearly €60 billion, exacerbating fiscal challenges for the coalition government

Concerns over protectionism and its impact on global trade are mounting, with the IMF warning that rising tariffs could stifle economic growth

The EU is seen as lagging behind the US economically, with calls for more decisive fiscal discipline amid rising inflation

Asia/ROW

Emerging markets are facing increasing pressure from global economic shifts, particularly as the US and China engage in trade disputes

The Bank of Japan is expected to maintain its accommodative stance despite global tightening, as domestic consumption remains weak

China unexpectedly cut interest rates in response to slowing economic momentum, indicating significant concerns about recovery prospects following disappointing industrial profits

Economic reforms are needed in several countries to foster resilience against external shocks, particularly those linked to energy prices

Performance

| Asset Class/Region | Currency | | | | |
|-------------------------------------|----------|----------------------------|------------------|----------|-----------|
| | | Week ending 28 Oct 2024 | Month to date | YTD 2024 | 12 Months |
| Developed Market Equities | | | | | |
| United States | USD | -1.0% | 0.8% | 22.7% | 40.1% |
| United Kingdom | GBP | -1.3% | 0.3% | 10.1% | 15.3% |
| Continental Europe | EUR | -1.1% | -0.9% | 9.9% | 22.2% |
| Japan | JPY | -2.6% | -1.0% | 13.1% | 18.9% |
| Asia Pacific (ex Japan) | USD | -1.9% | -3.4% | 15.9% | 29.1% |
| Australia | AUD | -0.9% | -0.7% | 11.6% | 24.3% |
| Global | USD | -1.3% | -0.4% | 18.4% | 35.7% |
| Emerging markets equities | | | | | |
| Emerging Europe | USD | -2.2% | -7.1% | 4.4% | 17.1% |
| Emerging Asia | USD | -1.9% | -3.1% | 17.8% | 29.7% |
| Emerging Latin America | USD | -1.0% | -3.1% | -15.2% | 4.8% |
| BRICs | USD | -2.0% | -5.4% | 15.8% | 24.4% |
| China | USD | -1.1% | -4.1% | 24.0% | 24.8% |
| MENA countries | USD | -0.5% | -2.7% | -0.9% | 10.5% |
| South Africa | USD | -0.7% | -0.2% | 21.2% | 39.7% |
| India | USD | -2.7% | -6.7% | 11.3% | 26.4% |
| Global emerging markets | USD | -1.8% | -3.0% | 13.3% | 26.4% |
| Bonds | | | | | |
| US Treasuries | USD | -0.8% | -2.4% | 1.5% | 9.1% |
| US Treasuries (inflation protected) | USD | -0.9% | -1.9% | 2.9% | 8.9% |
| US Corporate (investment grade) | USD | -1.0% | -2.1% | 3.5% | 14.0% |
| US High Yield | USD | -0.4% | -0.5% | 7.5% | 16.8% |
| UK Gilts | GBP | -1.0% | -1.0% | -1.3% | 7.9% |
| UK Corporate (investment grade) | GBP | -0.7% | 0.0% | 2.5% | 12.3% |
| Euro Government Bonds | EUR | -0.7% | -0.4% | 1.6% | 9.2% |
| Euro Corporate (investment grade) | EUR | -0.2% | 0.2% | 4.1% | 10.0% |
| Euro High Yield | EUR | 0.0% | 0.6% | 7.4% | 14.0% |
| Global Government Bonds | USD | -1.0% | -3.4% | -0.6% | 8.3% |
| Global Bonds | USD | -0.9% | -2.9% | 0.6% | 10.6% |
| Global Convertible Bonds | USD | 0.1% | -0.3% | 5.5% | 16.3% |
| Emerging Market Bonds | USD | -0.8% | -1.7% | 6.0% | 18.8% |

Performance

| Asset Class/Region | Currency | | | | |
|---------------------------------------|----------|----------------------------|------------------|----------|-----------|
| | | Week ending 28 Oct 2024 | Month to date | YTD 2024 | 12 Months |
| Property | | | | | |
| US Property Securities | USD | -1.7% | -1.4% | 13.2% | 39.5% |
| Australian Property Securities | AUD | -2.0% | -2.5% | 20.0% | 44.1% |
| Asia Property Securities | USD | -3.6% | -7.1% | -2.8% | 7.6% |
| Global Property Securities | USD | -2.4% | -3.9% | 9.2% | 32.9% |
| Currencies | | | | | |
| Euro | USD | -0.6% | -3.1% | -2.3% | 2.2% |
| UK Pound Sterling | USD | -0.5% | -3.2% | 1.7% | 7.0% |
| Japanese Yen | USD | -1.8% | -6.0% | -7.5% | -1.5% |
| Australian Dollar | USD | -1.4% | -4.7% | -3.2% | 4.6% |
| South African Rand | USD | -0.6% | -2.6% | 3.3% | 8.1% |
| Swiss Franc | USD | -0.1% | -2.5% | -3.1% | 3.5% |
| Chinese Yuan | USD | -0.3% | -1.4% | -0.3% | 2.8% |
| Commodities & Alternatives | | | | | |
| Commodities | USD | 2.3% | 1.0% | 6.8% | 1.0% |
| Agricultural Commodities | USD | -0.1% | -2.9% | 2.3% | 1.0% |
| Oil | USD | 4.1% | 6.0% | -1.3% | -15.6% |
| Gold | USD | 1.0% | 4.1% | 33.2% | 38.9% |

Global Matters Weekly

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