

Weekly Market Update

Global markets were mixed at the end of October, impacted by inflationary pressures, cautious central bank moves, and regional fiscal policies.

US

The S&P 500 fell 0.9% as mixed corporate earnings reports and uncertainties around future Federal Reserve rate cuts and pending US Presidential Elections kept markets volatile

Treasury yields remained high, with the 10-year yield above 4.0%, influenced by sustained inflationary pressures despite the Fed's September rate cut. Core inflation remains stubborn, posing challenges to potential rate adjustments

October's labour data was robust, with strong job gains and wage growth providing economic resilience but complicating inflation management efforts

UK

UK markets reacted negatively to Chancellor Rachel Reeves' budget, which outlined increased spending and borrowing, causing a bond sell-off and driving down gilt prices

UK equities declined as investors weighed the impact of higher taxes and borrowing on long-term growth prospects. The pound faced volatility amid concerns over inflation risks driven by increased fiscal stimulus

The UK budget's planned borrowing raised inflationary fears, with economists expecting the Bank of England to navigate cautious rate cuts to counterbalance stimulus without fuelling further inflation with the market pricing in a 90% probability of 25bps of cut this week

Europe

European stocks struggled, as the ECB's cautious rate-cut strategy weighed on investor sentiment.

The Eurozone posted a Q3 growth rate of 0.4%, though inflation ticked up to 2.0% in October. Energy costs and core inflation, especially in services, remain key concerns for the ECB

Europe's manufacturing sector, particularly in Germany, continued to contract, reflecting ongoing challenges that could signal a broader economic slowdown

Germany narrowly missed recession with Q3 GDP up 0.2% QQ. Above consensus for a 0.1%qq contraction so Germany avoids recession after -0.1%qq in Q2

Asia/ROW

Japanese equities gained, 1.0% as the Bank of Japan (BoJ) maintained its accommodative policies amid domestic political shifts. Despite inflation at 1.8% in Tokyo, the BoJ has held its stance, signalling potential future rate hikes if conditions improve

Chinese equities declined despite modest economic improvements, with PMI data showing manufacturing activity expanding slightly. Persistent real estate issues and weaker-than-expected consumer demand held back gains.

While some commodity-exporting countries benefited from higher prices, recession fears, inflation, and political instabilities in places like Argentina and Brazil contributed to volatility across emerging markets

Performance

Asset Class/Region	Currency				
		Week ending 01 Nov 2024	Month to date	YTD 2024	12 Months
Developed Market Equities					
United States	USD	-1.4%	0.4%	21.1%	36.6%
United Kingdom	GBP	-0.9%	0.8%	9.0%	15.4%
Continental Europe	EUR	-1.6%	0.9%	8.1%	19.6%
Japan	JPY	1.0%	-1.9%	14.2%	17.1%
Asia Pacific (ex Japan)	USD	-1.3%	0.3%	14.3%	28.5%
Australia	AUD	-1.1%	-0.5%	10.3%	23.2%
Global	USD	-1.2%	0.4%	16.9%	32.8%
Emerging markets equities					
Emerging Europe	USD	-1.2%	0.1%	3.1%	14.9%
Emerging Asia	USD	-1.2%	0.4%	16.4%	29.6%
Emerging Latin America	USD	-3.5%	-1.4%	-18.2%	-1.0%
BRICs	USD	-0.9%	0.6%	14.8%	23.3%
China	USD	-0.9%	1.1%	23.0%	23.5%
MENA countries	USD	1.6%	0.2%	0.7%	10.1%
South Africa	USD	-0.8%	1.6%	20.2%	37.1%
India	USD	0.6%	0.4%	11.9%	28.3%
Global emerging markets	USD	-1.2%	0.2%	11.9%	25.5%
Bonds					
US Treasuries	USD	-1.1%	-1.0%	0.4%	6.7%
US Treasuries (inflation protected)	USD	-0.4%	-0.5%	2.5%	7.2%
US Corporate (investment grade)	USD	-0.7%	-0.5%	2.9%	12.1%
US High Yield	USD	0.0%	0.1%	7.5%	16.2%
UK Gilts	GBP	-1.7%	-0.2%	-3.0%	5.0%
UK Corporate (investment grade)	GBP	-1.4%	0.1%	1.1%	9.7%
Euro Government Bonds	EUR	-0.7%	-0.1%	0.8%	7.3%
Euro Corporate (investment grade)	EUR	-0.5%	0.1%	3.6%	8.6%
Euro High Yield	EUR	0.0%	0.0%	7.4%	13.5%
Global Government Bonds	USD	-0.6%	-0.3%	-1.2%	7.3%
Global Bonds	USD	-0.6%	-0.3%	0.1%	9.1%
Global Convertible Bonds	USD	-0.4%	-0.2%	5.1%	16.4%
Emerging Market Bonds	USD	-0.8%	-0.5%	5.2%	17.1%

Performance

Asset Class/Region	Currency				
		Week ending 01 Nov 2024	Month to date	YTD 2024	12 Months
Property					
US Property Securities	USD	-2.7%	-1.1%	10.2%	32.4%
Australian Property Securities	AUD	-0.7%	-0.7%	19.1%	42.9%
Asia Property Securities	USD	0.2%	0.3%	-2.6%	7.1%
Global Property Securities	USD	-1.6%	-0.5%	7.4%	28.1%
Currencies					
Euro	USD	0.3%	-0.2%	-2.1%	2.9%
UK Pound Sterling	USD	-0.4%	0.5%	1.3%	6.7%
Japanese Yen	USD	-0.5%	-0.5%	-7.9%	-1.2%
Australian Dollar	USD	-0.8%	-0.1%	-4.0%	3.2%
South African Rand	USD	0.1%	-0.1%	3.4%	5.3%
Swiss Franc	USD	-0.5%	-0.6%	-3.6%	4.6%
Chinese Yuan	USD	-0.1%	-0.1%	-0.4%	2.7%
Commodities & Alternatives					
Commodities	USD	-2.1%	0.1%	4.6%	0.7%
Agricultural Commodities	USD	0.3%	0.0%	2.6%	2.8%
Oil	USD	-3.9%	-0.1%	-5.1%	-13.6%
Gold	USD	-0.4%	-0.1%	32.6%	38.3%



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