



# Weekly Investment Update

19<sup>th</sup> November 2021

## News Headlines

**UK Inflation** – The UK reported that CPI came in at 4.2% year-on-year in October, with prices soaring at the fastest rate since 2011. The rise came in above every economist's estimate on Bloomberg and surpassed the 3.9% expected by the Bank of England (BoE), further strengthening the case for a December rate hike.

**Federal Reserve** – US President Joe Biden has said he will decide who the next chairman of the Federal Reserve will be this week. The choice has been whittled down to either the current chairman, Jerome Powell, or Fed governor, Lael Brainard. Current chair Powell has backing of several Democratic and Republican senators, including a majority of Republicans on the Banking Committee and key moderate Democrat, Jon Tester.

**Covid-19** – Covid cases across Europe are rising quickly, with some countries seeing their highest ever daily case figures. Governments around Europe are stepping in to try and contain outbreaks, with many of the new restrictions targeting the unvaccinated. Austria made the controversial decision to lock down all people who have not been vaccinated, Germany announced plans to restrict many leisure activities for unvaccinated people across the country, Belgium has imposed work-from-home mandates, and Sweden is planning admission restrictions to some events. In the US, the public have been warned about holiday gatherings as Thanksgiving approaches as cases rise there too.

## Market Summary

**Global Equities** – Global stocks were mixed as the MSCI World index returned just 0.25% over the week. However, equities in the US and Europe hit all-time highs yet again, shrugging off an increasing number of risk factors on the horizon. Europe's STOXX 600 gained for six successive days to Thursday, up seventeen out of the previous nineteen days, while the US S&P 500 and Nasdaq hit record highs on after investors focused on upbeat retail and technology earnings which outshone hawkish inflation comments from a Federal Reserve policymaker. In Asia, the Hong Kong Hang Seng index slipped into negative territory after falling sharply due to poor corporate earnings, especially from Alibaba which fell 11% on downgraded outlook for 2022 and missed sales estimates. Finally, in the UK, the FTSE 100 fell to its lowest levels in four weeks on the back of higher UK inflation, a drop in commodity prices, and new covid lockdown concerns.

**Commodities** – The UK and Europe's natural gas prices rose sharply following the decision from the German energy regulator to temporarily suspend the certification of the Russian Nord Stream 2 pipeline, adding further short-term uncertainty to the winter outlook.

Oil prices weakened, declining for the fourth consecutive week. A fresh surge in covid cases across Europe has threatened to slow the economic recovery, while investors also weighed a potential release of crude reserves by major economies to cool energy prices.

Gold remains near a 5-month high after rallying strongly at the start of the month. High inflation is continuing to support the precious metal as it continues to suppress real yields and drive support for hedges.

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## Chart of the Week

### The Global Inflation Picture

This is not what central banks thought would happen



Source: Bloomberg – Inflation continues to rise globally, exceeding expectations

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		<ul style="list-style-type: none"> <li>- US jobless claims</li> <li>- US home sales</li> </ul>	<ul style="list-style-type: none"> <li>- Germany GDP</li> </ul>	

## Market Performance – 19/11/2021

Global Market Indices	2021 YTD %*
FTSE 100	16.12%
S&P 500	26.36%
DAX	18.24%
Nikkei 225	8.18%
Hang Seng	-4.65%
Fixed Income	Yield %
UK 10 Yr Gilt	0.94%
US 10 Yr Treasury	1.60%
Commodities	2021 YTD %
Gold	-2.43%
Currency	
GBP/USD	1.35 (19/11/2021)
GBP/EUR	1.19 (1/9/11/2021)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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