Weekly Investment Update

29th September 2023

News Headlines

US Shutdown – A deal which would avert a government shutdown in the US is beginning to look less likely. The Republican House Speaker, Kevin McCarthy, is seeking to use a shutdown as a way to secure more concessions after previously using the method to secure an agreement last year. As it stands, the government are on track for a shutdown on the 1st October. The refusal by some Republicans to reach a deal by then threatens to delay the publication of key economic data which the Federal Reserve rely upon to avoid monetary policy missteps in an effort to guide the economy to a soft landing.

US Strike Action – Strikes continue in the United States auto industry, with workers striking at all “Big Three” automakers. The United Auto Workers union is planning to expand its strikes against Detroit automakers unless there is substantial progress made in negotiations.

Market Summary

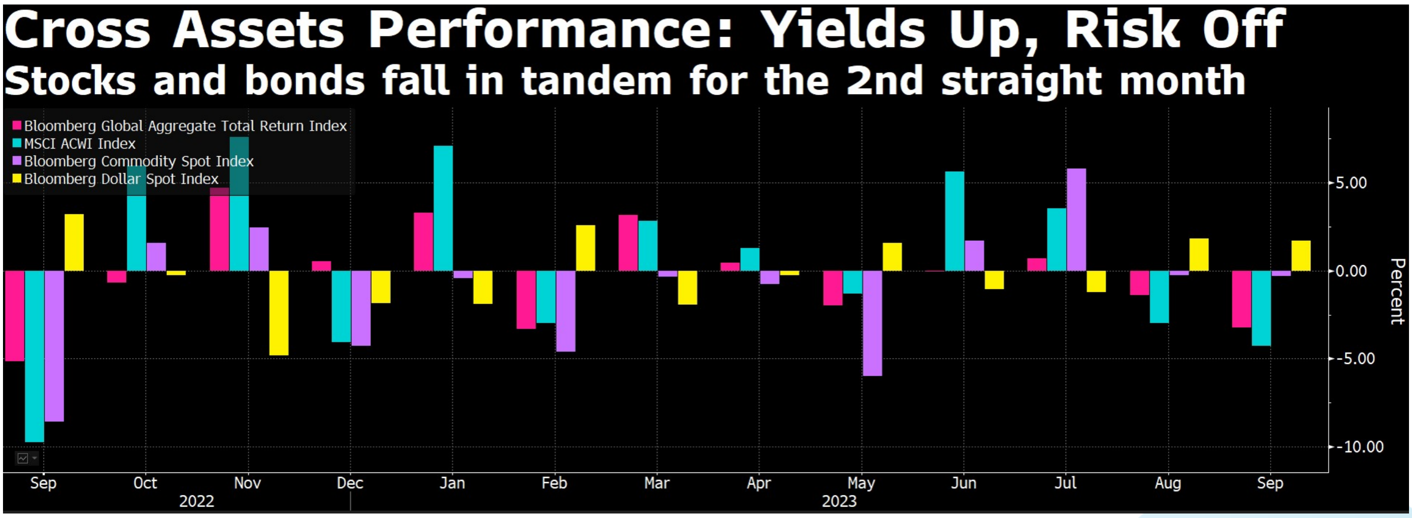
Global Equities – US dollar strength and higher US Treasury yields saw equities sell-off throughout the week. The “higher for longer” rhetoric from the Federal Reserve last week has seen investors pivot to a risk-off mood, with equities and bonds dropping in unison ever since. After slight tech led rebounds towards the end of the week, the MSCI World index saw a decline of -0.76% for the week as at Thursday’s close. Chinese equities suffered sharp losses, as sentiment remained negative. The Hong Kong Hang Seng index touched 10-month lows owing to slowing Chinese growth and a property market crash. In the US, the S&P 500 saw a slight loss of -0.45% throughout the week, but is on track for its worst monthly performance of 2023 so far.

Commodities – Oil prices surged to their highest level in over a year, as inventories in a key US storage facility fell to their lowest since July 2022. It is predicted that oil prices will continue to remain at high levels for the rest of the year, as upside risk remains with OPEC+ continuing to keep supplies tight.

The price of gold hit a seven month low against the US dollar, suffering from recent central bank policy as the dollar hit a ten month high. Prices fell below the key support level of $1,900 per ounce, which could see the metal suffer further losses.

Fixed Income – Government bonds sold off globally, with the Bloomberg Global Aggregate index declining -1.22% for the week as at Thursday’s close. In the US, 10-year Treasury yields hit new cycle highs of 4.69%. In Europe, German 10-year bund yield closed at new post-2011 highs, while the 10-year UK gilt saw the biggest daily price fall since February.

Chart of the Week



Source: Bloomberg – Stocks and bonds fall in tandem for the second straight month as central banks remain hawkish

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- US ISM manufacturing PMI	- Australia RBA cash rate decision	- US ADP employment report		- US unemployment rate

Market Performance – 29/09/2023

Global Market Indices	2023 YTD %*
FTSE 100	5.16%
S&P 500	13.36%
STOXX 600	8.82%
Nikkei 225	24.40%
Hang Seng	-9.11%
Fixed Income	**Yield %**
UK 10 Yr Gilt	4.44%
US 10 Yr Treasury	4.58%
Commodities	**2023 YTD %**
Gold	2.10%
Currency	
GBP/USD	1.22 (29/09/2023)
GBP/EUR	1.15 (29/09/2023)

Source: FE Analytics/ Bloomberg **Total Return/Local currency*

Address: Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY
Enquiries: 0161 886 8000 enquiries@ascenciaim.co.uk
Web: www.ascenciaim.co.uk