



# Weekly Investment Update

6<sup>th</sup> October 2023

## News Headlines

**US House Speaker** – In a historic first, Speaker of the US House, Kevin McCarthy, was ousted from his role earlier in the week. The House voted 216 to 210 in favour of removing the Californian Republican from his position. Republican Representative Matt Gaetz acted on Monday, backed by a contingent of hard-right Republicans, to force a vote on a motion to remove McCarthy. The loss of McCarthy's post as Speaker came as lawmakers face a number of key deadlines to avoid a government shutdown and approve more aid for Ukraine, all whilst the US heads towards a presidential election in 2024.

**UK politics** – This week, the Conservative party conference took place in Manchester, giving Rishi Sunak the opportunity to lay out his party's plans for the future. In an effort to be seen as a leader of change in the Conservative party, Sunak attempted to reframe his administration to combat his party's point deficit in the polls to Labour opposition. The Prime Minister took this opportunity to announce the scrapping of the Birmingham to Manchester leg of the UK's flagship rail project, HS2, a controversial move by a leader aiming to win voter confidence. In Scotland, the Labour party celebrated winning the seat of Rutherglen and Hamilton West in a landslide victory that the party leader, Sir Kier Starmer, called a "seismic result". The Labour MP defeated both SNP and Conservative candidates to take the seat. With the Conservative candidate only receiving 3.9% of the vote, and less than a quarter of their 2019 vote.

**Federal Reserve policy** – The Federal Reserve's Cleveland President, Loretta Mester, has said that the central bank's policy makers will likely have to raise rates one more time in 2023, and then hold them at higher levels for some time to bring inflation back down to the bank's target of 2%. The decision will largely depend on how the economy fares as it faces multiple headwinds going forward, including an economic slowdown in China and continuing autoworker strikes, but the surge in US jobs numbers in September will likely confirm that the bank will have to do more to cool the economy.

## Market Summary

**Global Equities** – Sentiment in global equities took a hit once again after government bond yields continued to rise to fresh multi-year highs and US jobs growth numbers surged in September. In the US, the S&P 500 fell to a four month low, making it the biggest sell-off of the year so far, surpassing the losses seen in February/March when Silicon Valley Bank collapsed. In Europe, the Stoxx 600 index fell back to levels not seen in six months, and in the UK the FTSE 100 headed for its worst week of losses in seven weeks, down -2.04% for the week as at Thursday's close.

**Commodities** – Commodity prices declined on the back of a slump in oil prices, with the Bloomberg Commodity index losing -3.05% for the week as at Thursday's close. Oil prices lost ground, suffering their largest one day losses in over a year on Wednesday due to concerns that sharp increases in borrowing costs caused by higher interest rates could dent economic growth.

**Fixed Income** – Developed market government bonds continued their sharp sell-off throughout the week. In the US, there were some dramatic developments, as we saw 10-year Treasury yields hit post-2007 highs and the longer dated 30-year Treasury yield also hitting levels not seen since 2007. Government bonds in Europe and the UK suffered similar fates, with the UK's 30-year gilt yield reaching its highest level since 2002.

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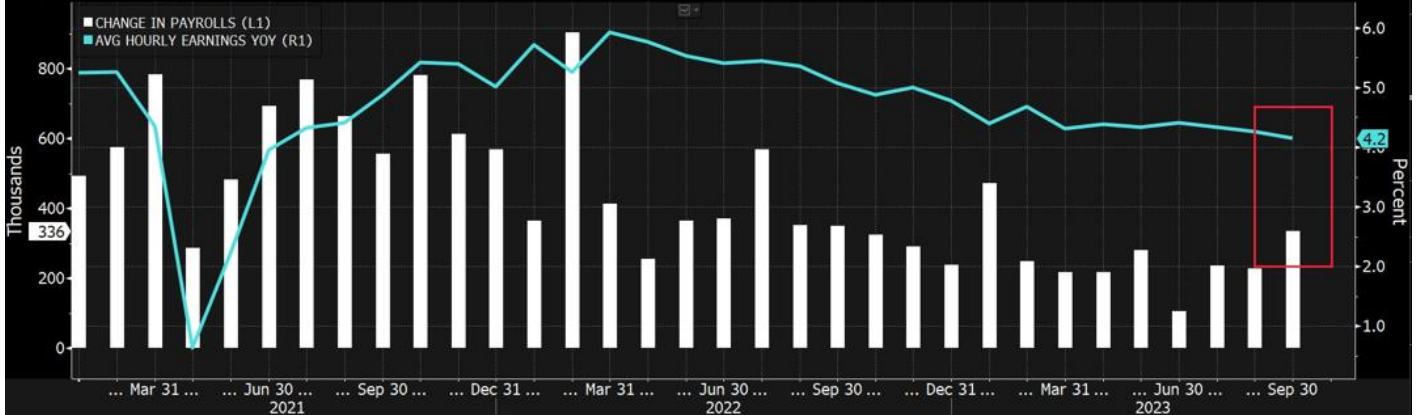
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## Chart of the Week

### Good News On Both Sides Of The Mandate Big gain in jobs balanced by small gain in wages



Source: Bloomberg – Jobs growth in the US accelerates in September

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- Germany CPI yy - US PPI inflation yy	- US CPI yy	- China CPI yy

## Market Performance – 06/10/2023

Global Market Indices	2023 YTD %*
FTSE 100	3.10%
S&P 500	12.30%
STOXX 600	7.08%
Nikkei 225	21.28%
Hang Seng	-9.94%
Fixed Income	Yield %
UK 10 Yr Gilt	4.56%
US 10 Yr Treasury	4.72%
Commodities	2023 YTD %
Gold	-0.69%
Currency	
GBP/USD	1.22 (06/10/2023)
GBP/EUR	1.16 (06/10/2023)

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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