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Investment Management

Weekly Investment Update

3rd November 2023

News Headlines

Central Bank Decisions – In the US, the Federal Reserve's Federal Open Market Committee left its key interest rate unchanged in a range between 5.25%-5.50%. In a statement made after the announcement, bank officials signalled that the recent rise in longer-term Treasury yields reduces the need to raise interest rates further, however, they left the door open for another hike if necessary. In the UK, the Bank of England's Monetary Policy Committee also decided to keep its interest rate unchanged, leaving it at 5.25% for the second consecutive meeting after the economy, labour market and inflation are all weakened.

UK Inflation – Shop price inflation in the UK slowed for a fifth consecutive month in October, falling to its lowest levels since August 2022. Prices were 5.2% higher in October than the year before, down from 6.2% in September.

US Jobs – The US economy added 150,000 jobs in October, as the unemployment rate rose to 3.9%. The jobs report fell short of expectations after economists projected the US would add 170,000 jobs and maintain the unemployment rate at 3.8%.

Japan Stimulus – In an effort to win over voters who have been critical of his handling of increasing inflation as prices rise faster than pay rises, Japan's Prime Minister Kashida announced a bigger-than-expected economic stimulus package with an aim of boosting growth and assist households dealing with rising inflation. The Prime Minister stated that the measures will be worth around $113 billion including the impact from tax cuts and other costs.

Market Summary

Global Equities – After a difficult October, global equities saw healthy rallies across the board, with the MSCI World index returning 4.44% for the week as at Thursday's close. Interest rate pauses from key central banks gave investors confidence that this may be the end of the current rate hiking cycle, backed up by some weak economic data releases over the course of the week. In the US, the S&P 500 had its best day since April on Thursday and headed for its best week so far this year with the rally being broad-based. Positive sentiment in the US spread throughout equity markets, with stocks in the UK, Europe and Asia all providing similarly strong returns.

Commodities – Commodities lost ground, with the Bloomberg Commodity index losing -0.55% over the week as at Thursday's close. Gold hovered around the $2,000 per ounce mark, on track for a slight weekly loss as risk appetite improved. Oil prices headed for a second consecutive weekly loss as fears of a widening of the Israel-Hamas conflict faded and investors refocused on the outlook for demand.

Fixed Income – Bonds made slight gains as yields contracted, with the Bloomberg Global Aggregate index returning 0.96% for the week as at Thursday's close**.** Sovereign bond yields fell markedly. Longer-dated yields in the US saw dramatic movements, with the 30-year yield falling the most since March 2020.

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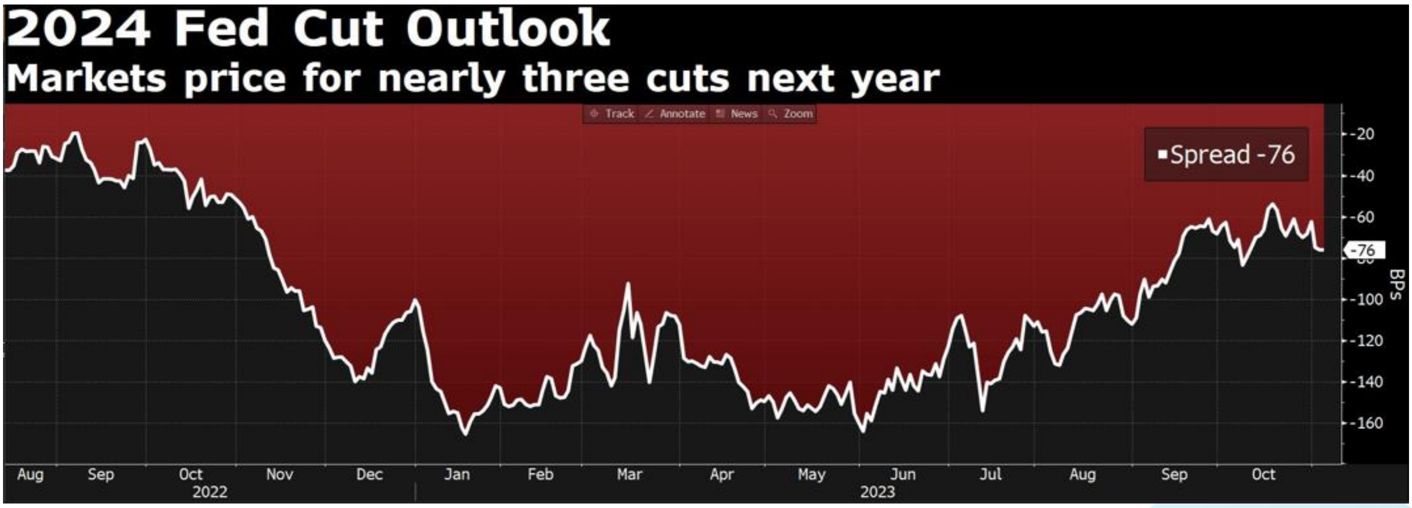
Chart of the Week



Source: Bloomberg – Markets are now pricing in Federal Reserve rate cuts in 2024

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- RBA cash rate decision	- Germany CPI yy - EU retail sales yy	- China CPI yy	

Market Performance – 03/11/2023

Global Market Indices	2023 YTD %*
FTSE 100	3.10%
S&P 500	13.96%
STOXX 600	7.70%
Nikkei 225	24.82%
Hang Seng	-9.84%
Fixed Income	**Yield %**
UK 10 Yr Gilt	4.48%
US 10 Yr Treasury	4.66%
Commodities	**2023 YTD %**
Gold	8.48%
Currency	
GBP/USD	1.22 (03/11/2023)
GBP/EUR	1.15 (03/11/2023)

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