

# Weekly Investment Update

10<sup>th</sup> November 2023



## News Headlines

**UK Economic Growth** – The UK economy stagnated between July and September compared to the previous quarter. Economists had expected the UK's economy to decline by -0.1% over the period, however, a strong September saw gross domestic product (GDP) remain flat and dodge an expected recession. The Office of National Statistics (ONS) said that the latest figures show a subdued picture across all sectors of the economy. Chancellor of the Exchequer, Jeremy Hunt, said that high inflation remains the "single greatest barrier to economic growth in the country", and the "Autumn statement will focus on how we get the economy growing healthily again by unlocking investment, getting people back into work and reforming our public services so we can deliver the growth our country need".

**China Deflation** – China fell back into deflation in October as consumer prices fell 0.2% in September after hovering near zero for the previous two months. Producer prices fell for the thirteenth straight month, dropping 2.6%, highlighting the country's ongoing battle to try and improve confidence in the economy. The International Monetary Fund (IMF) has, however, raised its forecasts for China's economic growth, stating that the country's GDP would grow 5.4% in 2023, up from its previous forecast of 5%. The fund also upgraded its forecast for China's growth in 2024 to 4.6% from 4.2% but warned that weakness in the property sector and reduced external demand would persist.

## Market Summary

**Global Equities** – After sharp increases last week, global equities remained relatively flat, with the MSCI World index declining -0.14% for the week as at Thursday's close. Over in the US, the S&P 500 index saw its first decline in nine days on Thursday which wiped out the gains for the week, with declines coming after Federal Reserve Chair, Jerome Powell, said he was not confident that the bank had not reached a monetary policy stance to achieve the 2% inflation target. In the UK, the FTSE 100 was in positive territory prior to the lacklustre GDP figures were released but fell sharply on Friday into negative territory. In Asia, Hong Kong's Hang Seng index saw the biggest underperformance as concerns about the health of China's economy resurfaced after deflationary pressures worsened in October.

**Commodities** – Commodity prices declined. The Bloomberg Commodity index fell -2.91% for the week as at Thursday's close. Oil prices slumped as Brent Crude fell below the \$80 per barrel mark for the first time since July. Concerns over demand, particularly in China has outweighed concerns about supply constraints in recent weeks. A number of hawkish comments from Federal Reserve officials set the price of gold up for a weekly loss, pulling it down to three-week lows after its recent rally to \$2,000 per ounce.

**Fixed Income** – Bond returns remained relatively flat, with the Bloomberg Global Aggregate index posting a loss of -0.17% for the week as at Thursday's close. Treasury yields jumped higher towards the end of the week after the comments from Federal Reserve officials, with longer term bond yields (30-year) seeing large rallies due to a weaker than expected auction of said bonds.

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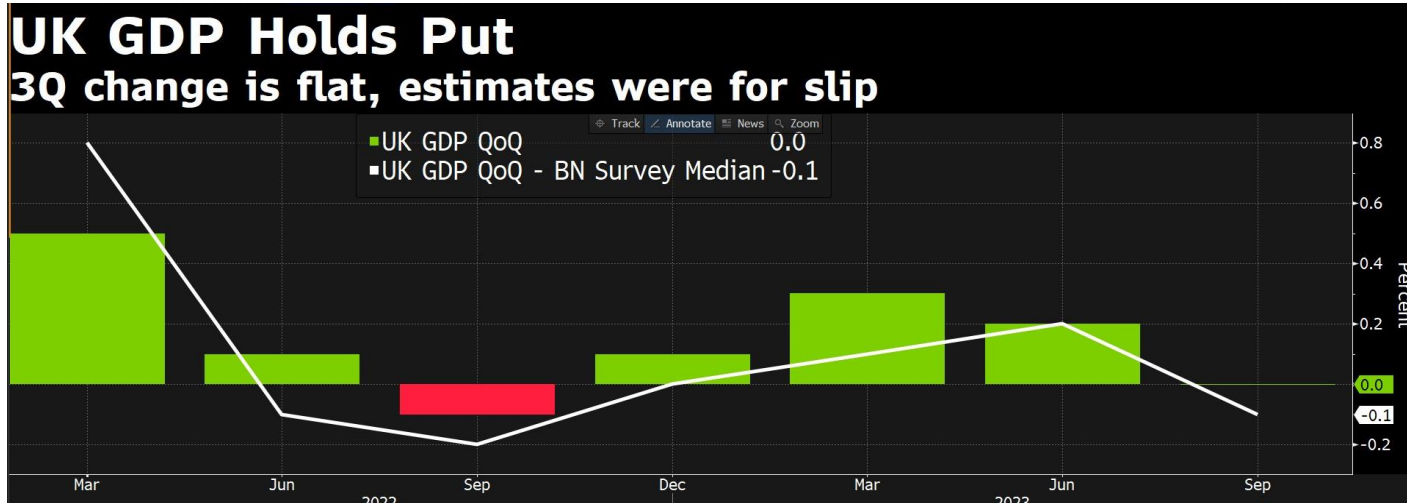
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## Chart of the Week



Source: Bloomberg – UK GDP stays flat in Q3

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	<ul style="list-style-type: none"> <li>- US CPI yy</li> <li>- EU Q3 GDP flash yy</li> </ul>	<ul style="list-style-type: none"> <li>- UK CPI yy</li> <li>- US PPI yy</li> </ul>		<ul style="list-style-type: none"> <li>- UK retail sales</li> <li>- EU inflation yy</li> </ul>

## Market Performance – 10/11/2023

Global Market Indices	2023 YTD %*
FTSE 100	3.37%
S&P 500	14.78%
STOXX 600	8.80%
Nikkei 225	27.56%
Hang Seng	-8.23%
Fixed Income	Yield %
UK 10 Yr Gilt	4.30%
US 10 Yr Treasury	4.63%
Commodities	2023 YTD %
Gold	7.05%
Currency	
GBP/USD	1.22 (10/11/2023)
GBP/EUR	1.15 (10/11/2023)

Source: FE Analytics/ Bloomberg

\*Total Return/Local currency

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