



Weekly Investment Update

25th October 2024

News Headlines

IMF Downgrade – In its new World Economic Outlook (WEO) report, The International Monetary Fund (IMF) has lowered its forecast for global growth in 2025, with the downgrade coming on the back of rising trade protectionism and ongoing conflicts. Global output is predicted to expand by 3.2% next year, 0.1% slower than estimates published in July. Global inflation is anticipated to slow to 4.3% from 5.8% in 2024. The fund's Chief Economist, Pierre-Olivier Gourinchas, has warned that the risks are building up to the downside for the global economy, citing geopolitical risks, rising protectionism and regional conflicts, which could affect commodity prices and global activity through supply chain disruption. On a regional basis, the report states that the US economy has been doing "very well" and is very close to achieving a soft landing. Europe has been trending higher, but growth remains low by historical standards. Falling inflation and interest rates in the UK should see growth accelerate in both 2024 and 2025 as political stability returns. In Asia, growth in Japan is set to improve next year, however, growth in both China and India is set to lose momentum.

UK Consumer Confidence – Ahead of the Chancellor's Autumn Budget next week, consumer confidence on the UK has continued to decline in October according to the Gfk Consumer Confidence index. The index fell to -21 this month, down from -20 in September. In addition, expectations around how the economy will fair next year fell to -28 this month. The consumer confidence measure has fallen back to levels last seen in March, highlighting growing concerns around the state of the UK's finances after the Prime Minister warned of a "painful" Autumn Budget.

Market Summary

Global Equities – Global equities generally saw declines for the week as at Thursday's close. Amidst mixed corporate earnings and rising Treasury yields, US equities struggled to gain traction, with major indices posting consecutive declines at the start of the week. Equities in Europe and the UK followed a similar pattern, both declining over the week. In Asia, Japanese equity indices saw losses, however, Chinese equities were the exception, providing positive returns over the week.

Commodities – This week saw a increase in general commodity prices. Continued geopolitical concerns saw rises in both oil and gold prices versus the US dollar. Gold hit a fresh record high versus the dollar, whilst silver breached \$34 per ounce for the first time since 2012.

Fixed Income – The 10-year Treasury yield in the US has seen a large rally since the Federal Reserve chose to reduce interest rates by 0.50% in September. Since then, it has risen back above 4.2% for the first time since July, up from 3.6% in September. The rise comes as budget deficits continue to grow in the US, combined with the potential for faster inflation under a Trump presidency, and a reversal of the dovish interest rate outlook.

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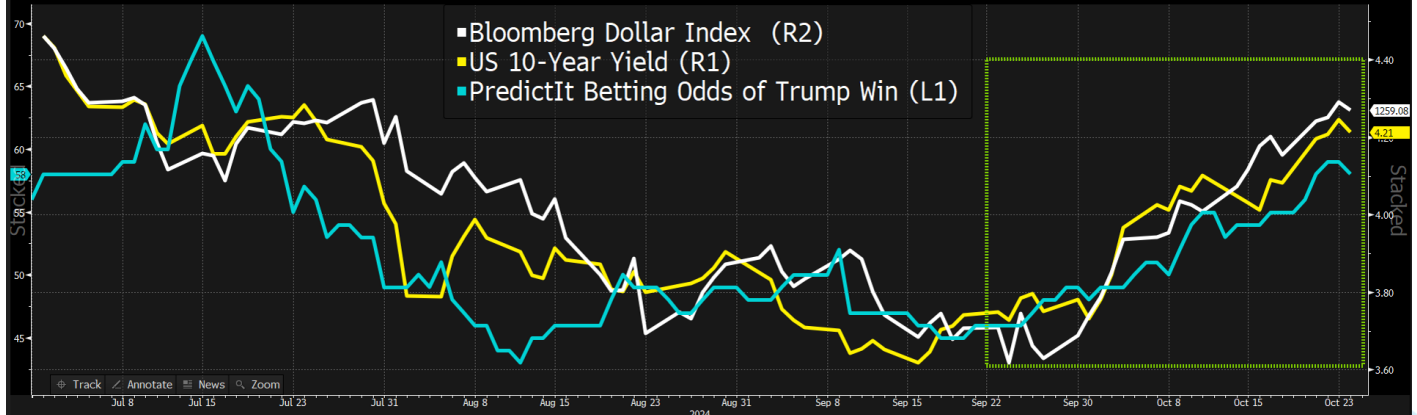


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Chart of the Week

Watching The Trump Trade

Dollar, bond yields rising alongside Trump's betting odds



Source: Bloomberg – US dollar and Treasury yields rise as US election looms

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- German consumer confidence	- Japan consumer confidence - Euro area GDP growth rate YoY - US GDP growth rate QoQ	- Bank of Japan interest rate decision	

Market Performance – 25/10/2024

Global Equity Market Indices	2024 YTD %*	2023 %*	2022 %*	2021 %*	2020 %*	2019 %*
FTSE 100	10.32%	7.93%	4.70%	18.44%	-11.55%	17.32%
S&P 500	23.16%	25.67%	-18.51%	28.16%	17.75%	30.70%
STOXX 600	11.71%	16.51%	-10.14%	25.52%	-1.49%	27.62%
Nikkei 225	15.73%	28.24%	-9.37%	4.91%	16.01%	18.20%
Hang Seng	25.28%	-8.38%	-14.52%	-11.83%	-0.29%	13.04%
Fixed Income		Yield %				
UK 10 Year Gilt	4.22%					
US 10 Year Treasury	4.20%					
Commodities	2024 YTD %**	2023 %**	2022 %**	2021 %**	2020 %**	2019 %**
Gold	32.63%	13.10%	-0.28%	-3.64%	25.12%	18.31%
Currency						
GBP/USD	1.30 (25/10/2024)					
GBP/EUR	1.20 (25/10/2024)					

Source: FE Analytics/ Bloomberg

*Total Return/Local currency **Spot Return USD

Past Performance is no guide to future performance and the value of investment and income from them can fall as well as rise

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