



Weekly Investment Update

15th November 2024

News Headlines

UK Economy – According to the Office for National Statistics, the UK economy grew by 0.1% in the third quarter. The growth was slower than economists' expectations, who predicted a rise of 0.2%, and a drop from the growth seen in the second quarter of 0.5%. The services sector in the UK was a particular drag on the overall figures, with the services sector seeing an expansion of 0.1%, offsetting the 0.8% growth in the construction sector.

US Inflation – Inflation in the US ticked higher in October. The Commerce Department said on Wednesday that its headline Consumer Price Index (CPI) rose at an annual rate of 2.6% in October, up from the annual rate set in September of 2.4%. Core inflation, which excludes components such as food and energy prices, came in at an annual rate of 3.3% matching expectations.

Jerome Powell Speech – In a speech made on Thursday, US Federal Reserve Chair, Jerome Powell, said that the performance of the US economy has been “remarkably good”, and that “the economy is not sending any signals that we need to be in a hurry to lower rates”. The central bank lowered interest rates aggressively in September and have since cut a further 0.25% last week, but the resilient economy is giving the committee room to lower interest rates at a more careful pace going forward. On the back of the comments made by Powell, markets pared back expectations of an interest rate cut in December, as less than 0.25% of cuts are now priced in across the next two committee meetings.

Market Summary

Global Equities – Global equities finished the week in negative territory as at Thursday's close. Equity indices in the US took a breath from the recent rallies, which have seen indices in the region hit a number of fresh all-time highs. Jerome Powell's more cautious tone around interest rate cuts and data showing inflation in the region remains sticky, prompted the decline in equities. Elsewhere, equities in the UK and Europe remained flat, whilst Asian equities saw steep declines. The Hong Kong Hang Seng fared particularly badly, seeing large declines as fresh fiscal stimulus from China underwhelmed investors.

Commodities – Commodity prices generally declined over the week. After reaching record highs versus the US dollar at the end of October, gold declined for a second straight week, falling back to levels not seen since September on the back of a strengthening US dollar. Oil prices headed for a weekly loss, driven lower by waning demand from China and expectations of fewer US Federal Reserve interest rate cuts going forward.

Fixed Income – As investors dialled back expectations of interest rate cut from the Federal Reserve, US Treasury yields rose, with the 10-year yield seeing 4-month highs at the end of the week. At the short end of the yield curve in the US, the 2-year yield closed on Thursday at its highest level since July.

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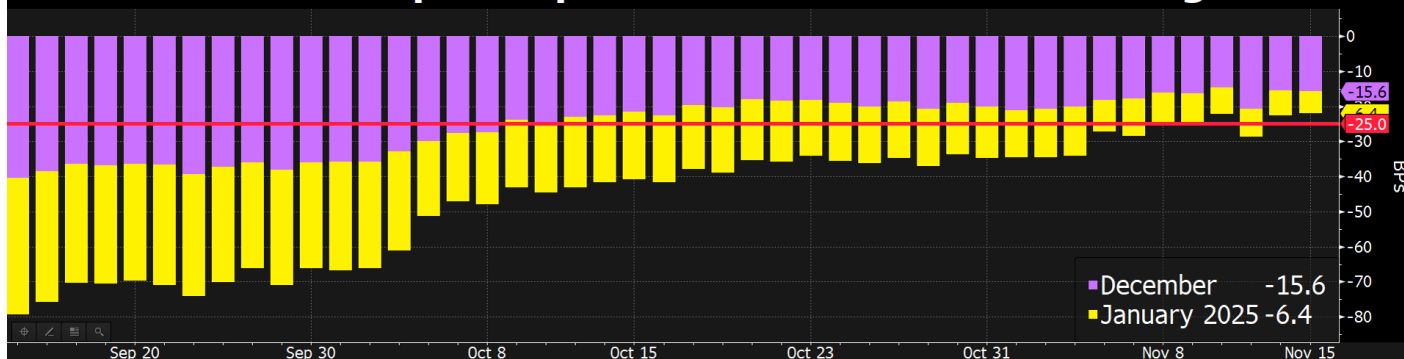


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Chart of the Week

Fed Cut Pricing Less than 25 basis points priced across next two meetings



Source: Bloomberg – Markets see less aggressive interest rate cuts going forward in the US

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- UK inflation rate YoY	- Japan inflation rate YoY	- UK retail sales

Market Performance –15/11/2024

Global Equity Market Indices	2024 YTD %*	2023 %*	2022 %*	2021 %*	2020 %*	2019 %*
FTSE 100	7.99%	7.68%	4.57%	18.40%	-11.44%	17.23%
S&P 500	26.20%	26.26%	-18.13%	28.68%	18.39%	31.47%
STOXX 600	9.29%	16.63%	-9.88%	25.82%	-1.44%	27.94%
Nikkei 225	17.02%	31.01%	-7.35%	6.66%	18.28%	20.73%
Hang Seng	19.02%	-10.46%	-11.48%	-12.64%	-1.00%	15.05%
Fixed Income	Yield %					
UK 10 Year Gilt	4.50%					
US 10 Year Treasury	4.45%					
Commodities	2024 YTD %**	2023 %**	2022 %**	2021 %**	2020 %**	2019 %**
Gold	24.35%	13.10%	-0.28%	-3.64%	25.12%	18.31%
Currency						
GBP/USD	1.27 (15/11/2024)					
GBP/EUR	1.20 (15/11/2024)					

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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