

# Weekly market review

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A look back at the previous weeks markets.

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**Clever.**

# A look back at the markets...

- **Middle East unrest intensifies: Equities continue to suffer while Commodities make gains.**
- **UK Inflation remains stubborn, while slowly reducing in the Euro Area.**
- **Water and freshwater ecosystems' value estimated as equivalent to 60% of global GDP.**
- **Moody's: Britain's outlook is now "stable", a year after the mini-budget turmoil.**

## Market Recap.

Continuous unrest in the Middle East, along with rising yields and mixed earnings data in the US, dragged all major US indices lower, with the Nasdaq 100 ETF (-3.75%), the S&P 500 ETF (-2.91%) and the Dow Jones Industrial Average ETF (-1.970%) recording their worst week in a month. In the UK, the FTSE 100 ETF also reached its lowest point in two months (-2.90% for the week).

## News.

Ratings agency Moody's revised Britain's outlook to "stable" from "negative" on Friday. "Policy predictability has been restored after heightened volatility last year around the mini-budget" the ratings agency said, affirming the country's rating at Aa3. On Friday, Standard & Poor's also affirmed its AA rating and stable outlook for Britain.

## Geopolitics.

Fears that the Israel-Hamas war could evolve into a wider Middle East conflict rose on Sunday, with the US warning of a significant risk to their interests in the region. The US have deployed two aircraft carriers, support ships and about 2,000 Marines, to help deter attacks by Iran-affiliated forces. This week, Israel continued with missile strikes in Gaza, as clashes on its border with Lebanon against Iran-backed Hezbollah intensified.

## Inflation.

Inflation in the UK remained at 6.70% in September 2023, while Core Inflation (which excludes volatile food and energy prices) was recorded at 6.10%, slightly lower than August's 6.20%. In the Euro Area, inflation was confirmed at 4.30% in September 2023, down from August's 5.20% and the lowest since October 2021. Core inflation was also confirmed lower at 4.50% in September, compared to August's 5.30% readings.

## Central Banks.

During a discussion at the Economic Club of New York on Thursday, the Federal Reserve (FED) Chair Jerome Powell mentioned that soaring bond yields are slowing down the economy and could cause inflation to ease. Although this could signal the end of interest rate hikes in the US, the FED's decision to raise interest rates or not will depend on the economy's resilience in the coming months.

## Commodities.

Oil-derived commodities and precious metals advanced for the second week in a row following the escalation in the Middle East military conflict, although prices slightly eased after the Islamist group Hamas released two US hostages from Gaza at end of the week. WTI Brent and WTI Crude Oil gained 1.20% and 0.65% respectively, while Silver and Gold prices increased by 3.37% and 3.27% respectively.

## ESG.

WWF released its report “The High Cost of Cheap Water” last Monday, providing the first ever annual estimate of economic value of water and freshwater ecosystems to \$58 trillion, equivalent to 60% of global GDP. WWF International’s Director-General stated: “It is time for governments, businesses, and financial institutions to invest in protecting and restoring our freshwater ecosystems to ensure we build a future where water flows in abundance for all”.

## Week Ahead.

Markets will anticipate the European Central Bank’s interest rate decision this week. In addition, the GDP growth rate for Q3, the Personal Consumption Expenditure (PCE) Price Index data and earnings reports from corporations such as Alphabet, Microsoft, Meta, Coca-Cola and Amazon will become available for the US economy. In the UK, the unemployment rate figure will also be released.

### Sources:

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Market recap Data sourced from FE FundInfo & Koyfin. ETFs quoted: iShares Core FTSE 100 UCITS ETF, iShares Core S&P 500 UCITS ETF, iShares Nasdaq 100 UCITS ETF (quoted in Pounds Sterling).

News Moody's lifts UK's outlook to 'stable' on restoration of policy predictability, Reuters, 20/10/2023

Inflation Data sourced from Tradingeconomics.com

Central Banks Fed Chair Powell hints that soaring bond yields could mean end of rate hikes, by Bryan Mena, CNN 19/10/2023

ESG WWF Report: Water crisis threatens US\$58 trillion in economic value, food security and sustainability, by ESG News, 20/10/2023

Geopolitics Israel pummels Gaza as US sees significant risk of attacks on Mideast interests, by Nidal al-Mughrabi and Dan Williams, Investing.com, 21/10/2023

Commodities Data sourced from Koyfin and Investing.com

Week ahead Data sourced from Tradingeconomics.com

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