

Weekly market review

30th October 2023.

A look back at the previous weeks markets.

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A look back at the markets...

- **Market rollercoaster: dow dances, nasdaq naps, and natural gas soars!**
- **U.S. Treasury set to amp up auctions amid deficit woes**
- **Britons feel less sizzle, more drizzle**
- **ECB puts brakes on interest rates: a pause for inflation reflection**
- **Middle East conflict sparks energy frenzy**

Market Recap.

Markets were slightly down for the week, with the Dow Jones Industrial Average ETF faring best, with a -0.80% return. The FTSE 100 ETF was second best, returning -1.11%, followed by the S&P 500 ETF (-1.64%) and the Nasdaq 100 ETF (-1.97%).

At sector level, the market became defensive as the Utilities sector was the only one to gain, adding 1.21% for the week. Energy led the move down, falling by 6.24% at the prospect of continued conflict in the Middle East.

News.

The U.S. Treasury is likely to boost the size of auctions for bonds when it announces its financing plans this week, to fund a worsening budget deficit. Investors are paying close attention to this week's quarterly refunding announcement as a sharp jump in long-term Treasury yields has been partly attributed to concerns about the U.S. fiscal deficit. Since the end of July, the 10-year yield has climbed more than 100 basis points.

Geopolitics.

Spanish prime minister Pedro Sánchez has called for an international peace summit to find a solution to the conflict between Palestine and Israel — a proposal backed by the other EU member states. "We propose an international peace conference to be held within six months so the entire international community feels involved and we can definitively find a two-state solution to Israel and Palestine," Sánchez said on Thursday.

Inflation.

The British public's expectations for inflation continued to ease in September, according to a monthly survey by Citi/YouGov. Public expectations for inflation in 12 months' time dropped to 4.2% from 4.4% in August, while expectations for inflation in five to 10 years' time were stable at 3.3%. "We expect these data to continue to ease in the months ahead as headline inflation falls back" said Citi economist Benjamin Nabarro.

Central Banks.

The European Central Bank is finished with interest-rate increases for the time being, Governing Council member Boris Vujcic said. "We have finished with the process of raising interest rates for now," Vujcic told Croatian state broadcaster HRT1 in a TV interview on Sunday. "At this moment we see that inflation is falling, we have a disinflation process. And after we conducted a series of measures to dampen lending, it has fallen."

Commodities.

The most notable move in commodities this week was Natural gas, which gained over 21% amid supply disruption, caused by conflict in the Middle East. The conflict has already caused the closure of the Tamar field in the Mediterranean Sea and there are also concerns about the security of Qatari LNG vessels passing through the Strait of Hormuz. Overall, natural gas prices in Europe have soared by 40% since the conflict started.

ESG.

Amazon has added 39 new renewable energy projects in Europe year-to-date, adding more than 1 GW of clean energy capacity. The new projects solidify the Amazon's position as the largest corporate purchaser of renewable energy in Europe, with a portfolio of 160 wind and solar projects across 13 countries, expected to provide 5.8 GW of clean energy capacity, once operational.

Week Ahead.

On Tuesday, the EU announces its latest inflation reading with Core CPI forecast to reduce to 3.20% from 4.30% prior. The EU also publishes its GDP figures, with Year-on-year growth expected to be 0.20%, down from 0.50% prior.

On Wednesday the US will publish its Manufacturing PMI (49 forecast v 49 previous). On the same day, the US Federal reserve announces its interest rate decision (no change to rates expected). The Bank of England announces its decision on Thursday (no change expected) and Friday sees the announcement of Services PMIs, showing the health of the sector in major nations.

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 - US Treasury seen boosting auction sizes as budget deficit worsens, By Gertrude Chavez-Dreyfuss, Reuters, 29/10/23

Inflation - UK public inflation expectations continue to ease in September -Citi/YouGov, By Nilutpal Timsina, Reuters, 26/10/23

Central Banks - ECB Is Finished With Rate Hikes 'for Now,' Vujcic Says, By Jasmina Kuzmanovic, Yahoo Finance/Bloomberg, 29/10/2023

ESG - Amazon Adds More than 1 GW of Renewable Energy Capacity in Europe, by Mark Segal, ESG Today, 26/10/23

Geopolitics - EU backs Israel-Palestine peace summit, Spain solo on ceasefire By Elena Sanchez Nicolas and Paula Soler, EU observer, 26/10/2023

Commodities - Data sourced from Koyfin and Investing.com

Week ahead - Data sourced from Investing.com

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