

Weekly market review

4th November 2024.

A look back at the previous week's markets.

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A look back at the markets...

- **Industrials Stand Strong Amid Pre-Election Pause**
- **UK Budget Unveils NIC Hikes & Big Spending Plans**
- **Euro Inflation Jumps, Fed Signals Price Relief**
- **Oil Soars as OPEC+ Holds Off on Production**

Market Recap.

Industrials held up best this week as the Dow Jones Industrial Average ETF (-0.37%) fell slightly. As we await the result of the US election, other markets paused too, with the S&P 500 ETF (-1.04%), Nasdaq 100 ETF (-1.24%) and the FTSE 100 ETF (-1.32%).

News.

UK Chancellor of the Exchequer Rachel Reeves unveiled the details of the Autumn Budget to Parliament last week, which included increased spending on transport, housing, and research and development (R&D). Funding will come from tax increases, primarily through higher employer National Insurance contributions (NICs) and capital gains taxes, as well as additional borrowing.

Inflation.

Eurozone headline inflation rate, which includes volatile food and energy sectors, rose to +2.00% on a yearly basis, up from +1.70% in September. The US Federal Reserve's preferred inflation gauge showed a further slow-but-steady easing of price pressures. The Personal Consumption Expenditures Index rose at an annual rate of 2.10% in September, down from 2.30% in August and the lowest figure since February 2021. Excluding energy and food prices, the core PCE Index rose 2.70%.

Central Banks.

The European Central Bank must avoid the risk of cutting interest rates too slowly and lowering inflation excessively, Governing Council Member Fabio Panetta said on Thursday.

In a speech at a banking conference in Rome, Italy's central bank governor said euro zone monetary conditions remain restrictive and need to be eased further. "With the decline in inflation, we need to pay attention to the weakness of the real economy," said Panetta, who is considered a monetary policy dove.

Commodities.

WTI crude oil futures rose toward \$71 per barrel on Monday (+3.66% 1 week performance), extending gains for the fourth consecutive session as OPEC+ decided to delay December production plans for the second time. This decision aims to stabilize prices amid ongoing economic concerns and prevent potential market oversupply, given the uncertainty around demand growth. Renewed tensions in the Middle East further boosted oil prices.

Geopolitics.

The European Union tariffs on Chinese-made electric vehicles came into force last week, following the vote on 4 October. These tariffs, which vary by manufacturer, can reach up to 45.4%, in addition to the standard 10% import duty on cars.

ESG.

Shipping giant A.P. Moller – Maersk (Maersk) has announced that it has signed a long-term bio-methanol supply agreement with China-based LONGi Green Energy Technology, aimed at contributing to reducing GHG emissions from Maersk’s growing fleet of dual-fuel methanol container vessels. Production will begin in 2026 and the deal will extend into the 2030s. The fuel will be produced from straw and fruit tree cuttings, and help Maersk reach its methanol sustainability requirements, which include at least a 65% reduction in GHG emissions on a lifecycle basis compared to fossil fuel, the company said.

Week Ahead.

The main focus of the week is the US election, taking place on Tuesday 5th November. In addition to political events, the first week of the month sees the US, UK and EU report on Manufacturing and Services growth. And in case the week wasn’t busy enough, both the US and EU central banks announce their latest interest rate decisions, with both expected to reduce rates by 0.25% on Thursday.

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 Nathan Sweeney, Marlborough Group, 04/11/2024

Inflation Nathan Sweeney, Marlborough Group, 04/11/2024

Central Banks ECB's Panetta warns rate policy mustn't push inflation too low, 31/10/2024

ESG Maersk Signs Long-Term Green Methanol Deal with LONGi to Reduce Fleet Emissions, by ESG News, 31/10/24

Geopolitics Nathan Sweeney, Marlborough Group, 04/11/2024

Commodities Tradingeconomics, 04/11/2024

Week ahead Nathan Sweeney, Marlborough Group, 27/10/2024

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