

Weekly market review

6th November 2023.

A look back at the previous week's markets.

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A look back at the markets...

- **Market Magic: Rebounding Bulls and a Real Estate Revival**
- **Investors Ante Up on Bank of England's Hold**
- **Bulls on Parade: Wall Street's Optimistic Jam as Fed Takes Center Stage**
- **Toyota Sparks a \$8 Billion Boost for U.S. Battery Plant**
- **Wall Street's Happy Dance: Will the Fed Keep the Beat?**

Market Recap.

Markets rebounded strongly this week with the Nasdaq 100 ETF up by 3.96% amid softer-than-expected macroeconomic data and a lack of spillover from tensions in the Middle East. The S&P 500, Dow Jones Industrial Average and FTSE 100 ETFs added 3.44%, 2.29% and 1.10% respectively.

Something that has not been said for a while is that the Real Estate sector led for the week, producing an 8.53% gain. Despite the bounce, the sector is still down by 2.56% for the year.

News.

Investors have ramped up bets that borrowing costs will fall next year after the Bank of England's decision to hold interest rates at 5.25%. The yield on the benchmark 10-year UK gilts has fallen as much as 18 basis points to 4.32%. It is the largest daily fall since August and puts the bond's yield close to its lowest level since September. It comes after policymakers on Threadneedle Street on Thursday voted to keep rates at 5.25% after inflation remained at 6.70% in September amid rising fuel prices.

Geopolitics.

U.S. Secretary of State Antony Blinken paid an unannounced visit to Iraq on Sunday, as he tours the Middle East attempting to tamp down tensions after war erupted between Israel and Palestinian militants Hamas last month. After an earlier visit to the occupied West Bank, Blinken landed in Baghdad on Sunday evening for his first visit to the country as the U.S. top diplomat and held talks with Iraqi Prime Minister Mohammed al-Sudani.

Inflation.

Inflation in the euro zone is falling fast and the economy has begun contracting, data showed on Tuesday, illustrating the dual impact of European Central Bank interest rate hikes. Prices rose by just 2.9% in October, their slowest pace since July 2021, a Eurostat flash reading showed, a time when the ECB was still worried about inflation getting stuck below its 2% target.

Central Banks.

Wall Street's three main stock indexes rallied nearly 2% on Thursday on hopes that the U.S. Federal Reserve has reached the end of its interest rate hiking campaign and a batch of upbeat quarterly financial updates added to the bullish mood. The Fed held interest rates steady on Wednesday as expected, and while Chair Jerome Powell left the door open to further tightening he also acknowledged the impact of a recent surge in bond yields on the economy.

Commodities.

Both major oil contracts declined by around 3.50% for the week, potentially showing that the prospect of an oil price spike may dissipate, as history has proven with prior conflict. Ethanol and Coal was at the sharp end of price movement, with each falling by 16.38% and 13.04% respectively.

ESG.

Toyota has made an additional \$8 billion investment in its North Carolina battery production plant. With the new announcement, the company's commitment to the facility grows to nearly \$14 billion, marking one of the largest-ever investments in U.S. EV battery capacity. With the additional capital investment, the facility will now feature ten BEV (Battery Electric Vehicles)/PHEV (Plug-in Hybrid Electric Vehicles) battery production lines, compared to the two lines previously announced, in addition to four battery lines for Hybrid Electric Vehicles (HEVs).

Week Ahead.

On Monday, Eurozone Services and Composite PMI figures will be published, with no growth expected. Wednesday sees both the governor of the Bank of England and the chair of the US Federal Reserve speak to guide markets and fellow policymakers. And on Friday, the UK reports its GDP numbers with some forecasts expecting reports to show a small decline in growth.

Sources:

Anthony Walters - Head of ESG at Clever Adviser Technology Ltd (Clever)
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 - Investors ramp up bets on rate cut next year after BoE meeting, Telegraph, 02/11/23
Inflation - Euro zone inflation and growth fall as ECB hikes bite, By Francesco Canepa, Reuters, 31/10/23
Central Banks - Wall Street indexes rally on bets of peak US interest rates, strong earnings, By Sinéad Carew and Amruta Khandekar, 02/11/2023
ESG - Toyota Ramps U.S. EV Battery Investment to \$14 Billion, by Mark Segal, ESG Today, 01/11/23
Geopolitics - Blinken visits Iraq in bid to prevent Gaza spillover By Simon Lewis, Reuters, 05/11/23
Commodities - Data sourced from Koyfin and Investing.com
Week ahead - Data sourced from Investing.com

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