

Multi-Asset Market Review

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Market Recap

It was a mixed week for markets; equities were broadly positive, and bonds weaker. Good earnings from technology companies helped US stocks rise over 1%. UK stocks were modestly down for the week, due in part to the lower oil price. Bonds were lower, as central banks continued to say interest rates would likely be higher for longer to quell inflation.



News

The UK economy stagnated at 0.0% in Q3 2023 (vs. -0.1% contraction expected). The flat reading comes as the services sector, namely real estate and transportation, and business investments, saw a small decrease, which was offset by an increase in construction output. Year-on-year, GDP grew +0.6% (vs +0.5% expected) in Q3 2023, the same as in Q2.



Geopolitics

Portugal's Socialist Prime Minister António Costa resigned last week after eight years of service, amid allegations of government corruption around lithium and hydrogen projects. Costa commented he had a "clear conscience" and confirmed he was available to cooperate with investigations.



Inflation

Inflation is not a concern in China as prices of goods fell - 0.2% over the last year to the end of October 2023, down from September's flat reading. The latest figure was mainly driven by declines in food prices, due to the combination of an ample supply of agricultural products and subdued demand.



Central Banks

Bank of England (BoE) Governor Andrew Bailey said at a central bank conference in Ireland that it was "really too early" to talk about cutting interest rates. He spoke after BoE Chief Economist Huw Pill said that financial markets pricing in an initial rate cut in August next year "doesn't seem totally unreasonable."



Commodities

Oil closed around \$75 per barrel on Friday, falling in price for the third straight week. This was due to easing concerns over potential supply disruptions in the Middle East and expectations of lower demand from the US and China. The EIA (Energy Information Administration) said that total petrol consumption in the US is expected to decrease.

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ESG

The European Parliament has recently voted against plans for significant cuts in petrol engine emissions in line with Euro 7 proposals, dealing a fresh setback to Brussels' green agenda. However, they did agree to regulate the amount of microplastics that vehicle tires and brakes can shed.



Week Ahead

In the UK, the economic calendar includes key reports on inflation, unemployment and retail sales. The annual inflation rate in the UK is anticipated to fall to a 2-year low of 4.8% from 6.7% in September. We will also get inflation data from the US and company earnings from Home Depot and Walmart, among others.

Source: Multi Asset Investment Team, Financial Times, PIMCO, John Hancock, Morningstar, Trading Economics, ESG Today.

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