

Chief Investment Office

Weekly Market Commentary

For professional advisers only



In Summary

- US equity market enters correction territory after falling more than 10% from its July peak
- Eurozone CPI and GDP will be in focus this week ahead of Friday's US employment report
- Central banks from Japan, the US and UK will all issue their latest guidance this week

US equity market enters correction territory after falling more than 10% from its July peak

After the US equity index moved c. 0.5% lower on Friday, the index has officially entered correction territory, being now more than 10% lower than its end of July peak level. Of those losses, around half of them have taken place in the last fortnight alone. Friday's losses occurred despite strong results from Amazon and Intel which were released after the market close on Thursday.

Eurozone CPI and GDP will be in focus this week ahead of Friday's US employment report

Starting with Europe, this week sees the release of the preliminary CPI releases as well as the Q3 GDP numbers. In terms of GDP, economists expect for there to have been no growth across the Eurozone in Q3 with the year-on-year growth rate at just 0.15%. Both headline and core Eurozone CPI readings are expected to cool with the headline rate expected to lurch lower from 4.3% year-on-year to 3%. The main US datapoint this week will be the US employment report on Friday where consensus expects 189k jobs to have been created after a blockbuster September that saw 336k new jobs. Before we get to Friday we will see the ECI, JOLTS, ADP and initial jobless claims data which will all give their own insights into the labour market. Lastly, earnings season continues apace this week with Apple releasing on Thursday likely to be the highlight.

Central banks from Japan, the US and UK will all issue their latest guidance this week

This week sees the Bank of Japan, Federal Reserve and Bank of England issue their latest monetary policy guidance. The Bank of Japan concludes its meeting tomorrow with investors split on whether the central bank will abandon the yield curve control which effectively caps yields on government bonds through quantitative easing. The BoJ is likely to revise up its near-term inflation forecasts which will put the bank under pressure. Then on Wednesday we hear from the Federal Reserve which is expected to stay on hold, but investors will be looking for guidance on December's meetings. A strong US economy makes the argument for a December interest rate hike but equally the recent run-up in Treasury yields is doing some of the Fed's work for it already.

Our last central bank this week will be the Bank of England on Thursday. The Bank of England is not expected to raise interest rates or change its guidance however there is likely to be some dissent amongst voting members. Several members are concerned by the still strong pace of wages, favouring additional hikes, though these individuals are likely to be outnumbered by those cautious around the strength of the UK economy.

Economic indicators (week beginning 23 October)

Day	Data Release	Consensus	Prior	Actual
Tuesday	France HCOB France Manufacturing PMI Oct P	44.5	44.2	42.6
	United Kingdom Jobless Claims Change Sep	--	0.9k	20.4k
	France HCOB France Services PMI Oct P	45.0	44.4	46.1
	Japan Jibun Bank Japan PMI Mfg Oct P	--	48.5	48.5
	Germany HCOB Germany Manufacturing PMI Oct P	40.1	39.6	40.7
	United Kingdom S&P Global/CIPS UK Manufacturing PMI Oct P	44.7	44.3	45.2
	United Kingdom ILO Unemployment Rate 3Mths Aug	4.3%	4.3%	4.3%
	France HCOB France Composite PMI Oct P	44.6	44.1	45.3
	United Kingdom Claimant Count Rate Sep	--	4.0%	4.0%
Wednesday	Germany IFO Business Climate Oct	86.0	85.7	86.9
	Canada Bank of Canada Rate Decision 45931	5.0%	5.0%	5.0%
	Australia CPI QoQ 3Q	1.1%	0.8%	1.2%
	Australia CPI YoY 3Q	5.3%	6.0%	5.4%
Thursday	United States Initial Jobless Claims 44470	208k	198k	210k
	United States GDP Annualized QoQ 3Q A	4.3%	2.1%	4.9%
	United States Durable Goods Orders Sep P	1.5%	0.1%	4.7%
	United States Wholesale Inventories MoM Sep P	0.1%	-0.1%	0.0%
Friday	Italy Manufacturing Confidence Oct	96.0	96.4	96.0
	United States U. of Mich. Sentiment Oct F	63.0	63.0	63.8
	Japan Tokyo CPI Ex-Fresh Food YoY Oct	2.5%	2.5%	2.7%
	United States S&P Global US Manufacturing PMI Oct P	49.4	49.8	50.0
	United States MBA Mortgage Applications 44105	--	-6.9%	-1.0%
	United States New Home Sales Sep	682k	675k	759k
	Italy Consumer Confidence Index Oct	105.2	105.4	101.6
	United States Personal Income Sep	0.4%	0.4%	0.3%
	United States Personal Spending Sep	0.5%	0.4%	0.7%
	Germany IFO Expectations Oct	83.5	82.9	84.7

Source: Bloomberg, data accessed 30 October 2023.

Economic indicators (week beginning 30 October 2023)

Day	Data Release	Consensus	Prior
Monday	Japan Industrial Production MoM Sep P	2.5%	-0.7%
	Japan Jobless Rate Sep	2.6%	2.7%
	Germany CPI YoY Oct P	4.0%	4.5%
	Australia Retail Sales MoM Sep	0.3%	0.2%
	Japan Job-To-Applclicant Ratio Sep	1.29	1.29
	United Kingdom Mortgage Approvals Sep	44.5k	45.4k
Tuesday	Italy CPI EU Harmonized YoY Oct P	2.3%	5.6%
	France CPI YoY Oct P	4.0%	4.9%
	China Manufacturing PMI Oct	50.2	50.2
	United States Conf. Board Consumer Confidence Oct	100.0	103.0
	Italy CPI EU Harmonized MoM Oct P	0.5%	1.7%
	Italy GDP WDA QoQ 3Q P	0.1%	-0.4%
	France GDP QoQ 3Q P	0.0%	0.5%
	Canada GDP MoM Aug	0.1%	0.0%
	Japan BOJ Policy Balance Rate 11597	-0.1%	-0.1%
	United States MNI Chicago PMI Oct	45.0	44.1
	Italy GDP WDA YoY 3Q P	0.1%	0.4%
Wednesday	United States FOMC Rate Decision (Upper Bound) 37196	5.50%	5.50%
	United States ISM Manufacturing Oct	49.0	49.0
	China Caixin China PMI Mfg Oct	50.8	50.6
	Japan Jibun Bank Japan PMI Mfg Oct F	--	48.5
	United States MBA Mortgage Applications 46661	--	-1.0%
	Canada S&P Global Canada Manufacturing PMI Oct	--	47.5
	United Kingdom Nationwide House PX MoM Oct	-0.4%	0.0%
	United Kingdom Nationwide House Px NSA YoY Oct	-4.8%	-5.3%
Thursday	United Kingdom Bank of England Bank Rate 37561	5.25%	5.25%
	United States Initial Jobless Claims 47027	210k	210k
	France HCOB France Manufacturing PMI Oct F	42.6	42.6
	United States Durable Goods Orders Sep F	--	4.7%
	Italy HCOB Italy Manufacturing PMI Oct	46.4	46.8
	Germany HCOB Germany Manufacturing PMI Oct F	40.7	40.7
	Australia Trade Balance Sep	A\$9500m	A\$10380m
	United States Factory Orders Sep	1.9%	1.2%
	Germany Unemployment Change (000's) Oct	14.0k	10.0k

Source: Bloomberg, data accessed 30 October 2023.



Economic indicators (week beginning 30 October 2023)

Day	Data Release	Consensus	Prior
Friday	United States Change in Nonfarm Payrolls Oct	190k	336k
	Canada Unemployment Rate Oct	5.6%	5.5%
	United States ADP Employment Change Oct	150k	89k
	Germany CPI MoM Oct P	0.2%	0.3%
	United Kingdom S&P Global/CIPS UK Manufacturing PMI Oct F	45.2	45.2
	United States S&P Global US Manufacturing PMI Oct F	50.0	50.0
	Australia Building Approvals MoM Sep	2.5%	7.0%
	United States Unemployment Rate Oct	3.8%	3.8%
	France Industrial Production MoM Sep	0.0%	-0.3%
	Canada Net Change in Employment Oct	200k	63.8k

Source: Bloomberg, data accessed 30 October 2023.

Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2091	-1.66%	-1.66%	-2.48%	0.99%
MSCI USA USD	3913	-2.59%	-2.59%	7.50%	8.48%
MSCI Europe ex UK EUR	171	-0.78%	-0.76%	2.11%	4.34%
MSCI AC Asia ex JPN USD	475	-0.67%	-0.66%	-5.98%	-3.80%
MSCI Japan JPY	1377	-0.28%	-0.28%	19.72%	22.07%
MSCI Emerging Markets USD	920	-0.63%	-0.61%	-3.83%	-1.65%
Barclays Sterling Gilts GBP	214		1.09%		-5.31%
GOLD USD	2006	1.26%		10.00%	
WTI Oil USD	86	-3.62%		6.58%	
MSCI PIMFA Income		-0.65%	-0.63%	-1.05%	0.95%
MSCI PIMFA Balanced		-0.90%	-0.88%	-0.34%	1.60%
MSCI PIMFA Growth		-1.38%	-1.36%	0.59%	2.48%

Source: Bloomberg, MSCI; please see important information, data accessed 30 October 2023.

YTD denotes year to date, TR denotes total return and CR denotes capital return.



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