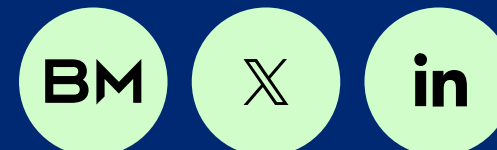


FOR PROFESSIONAL ADVISERS ONLY

Weekly Market Commentary

21 October 2024



In summary

- A solid week for investors overall as economic data and company results buoy the outlook
- What to look out for this week includes chances for a super-sized rate cut from the Bank of Canada
- Latest US election betting odds are tilting towards to a Republican Trump win on 5th November
- Still early days but the early signs from Q3 company results are looking good



Developed-market equities had a solid week last week – buoyed in aggregate by better-than-expected economic data and solid corporate earnings results, as well as an interest rate cut from the European Central Bank.

Over the week as a whole, all in local currency price return terms, the US S&P500 equity index was up +0.85% and the pan-European STOXX600 equity index was up +0.58%. It was a weaker picture for emerging markets though, where last week the MSCI Emerging Markets index, of which over a quarter of the index weight is represented by Chinese equities, was down -0.38%; Chinese equities are a little firmer today though, with the China CSI300 up +0.25% in today's session after China's central bank, the People's Bank of China (PBOC) cut its key one-year and five-year interest rates both by 25 basis points (bps) to 3.10% and 3.60%, respectively.

The key economic news this week is expected to be focused on the flash (preliminary) reading of the global Purchasing Manager Index (PMI) prints for October due out on Thursday. Otherwise, the US publishes its latest so-called 'Beige Book' on Wednesday which surveys US current economic conditions. From central banks, there is an interest rate decision due from the Bank of Canada (BoC) on Wednesday, where according to Reuters, two-thirds of economists polled in a recent survey expect to see a 50bps rate cut – the backdrop for BoC officials includes last week's weaker than expected annual

Canada consumer inflation print of +1.6% for September, which was the lowest annual inflation rate in over three and a half years.

US election day on Tuesday 5th November is now just over two weeks away. The latest political betting odds implied from PredictIt now has the Republican presidential candidate Donald Trump holding a marginal lead with a 56% probability of beating his Democrat rival Kamala Harris. That is quite a shift, given just around a month ago, that same probability of a Trump win was at 45%. With the betting odds tilting in Trump's favour in recent weeks, that appears to be re-focusing investors' minds on his policies, including notably an expectation of expansion of his tariff policies regarding international trade.

This week sees the latest calendar Q3 company results season continue. In terms of what to look out for, highlights this week include earnings numbers due from information technology services companies IBM, Texas Instruments, and SAP, automotive results from Tesla, General Motors and Mercedes-Benz, industrial companies Honeywell and General Electric, defence company Lockheed Martin, and drinks companies Coca-Cola and Heineken. In terms of drawing any firm conclusions, it is still rather early days – for the US S&P500 equity index for example, only 14% of its constituents have so far reported Q3 numbers as of the end of last week. With the caveat of this small number of reports so far, according to Factset, the percentage of US S&P500 companies beating expectations stands at 79% currently and is running ahead of both the 5-year and 10-year averages of 77% and 74%, respectively.

Economic indicators (Week beginning 14 October 2024)

Day	Data Release	Consensus	Prior	Actual
Mon	China Trade Balance Sep	\$90.50b	\$91.02b	\$81.71b
	China Exports YoY Sep	6.0%	8.7%	2.4%
Tue	Japan Industrial Production MoM Aug F	--	-3.3%	-3.3%
	Germany ZEW Survey Expectations Oct	10.0	3.6	13.1
	Canada CPI YoY Sep	1.8%	2.0%	1.6%
	Germany ZEW Survey Current Situation Oct	-84.0	-84.5	-86.9
	France CPI YoY Sep F	1.2%	1.2%	1.1%
	United Kingdom Jobless Claims Change Sep	--	23.7k	27.9k
	United Kingdom ILO Unemployment Rate 3Mths Aug	4.1%	4.1%	4.0%
	Canada CPI NSA MoM Sep	-0.3%	-0.2%	-0.4%
	United States Empire Manufacturing Oct	3.6	11.5	-11.9
	United Kingdom Claimant Count Rate Sep	--	4.7%	4.7%
	Wed	United Kingdom CPI YoY Sep	1.9%	2.2%
United Kingdom CPI MoM Sep		0.1%	0.3%	0.0%
Italy CPI EU Harmonized YoY Sep F		0.8%	0.8%	0.7%
United Kingdom CPI Core YoY Sep		3.4%	3.6%	3.2%
Japan Core Machine Orders MoM Aug		0.2%	-0.1%	-1.9%
United States MBA Mortgage Applications 40817		--	-5.1%	-17.0%
Thu	United States Initial Jobless Claims 41183	253k	258k	241k
	Australia Unemployment Rate Sep	4.2%	4.2%	4.1%
	Australia Employment Change Sep	25.0k	47.5k	64.1k
	United States Retail Sales Advance MoM Sep	0.3%	0.1%	0.4%
	United States Industrial Production MoM Sep	-0.1%	0.8%	-0.3%
	Japan Tertiary Industry Index MoM Aug	-0.3%	1.4%	-1.1%

Source: Bloomberg, data accessed 21 October 2024.

Day	Data Release	Consensus	Prior	Actual
Fri	China GDP YoY 3Q	4.5%	4.7%	4.6%
	Japan Natl CPI YoY Sep	2.5%	3.0%	2.5%
	China Industrial Production YoY Sep	4.6%	4.5%	5.4%
	United States Housing Starts Sep	1350k	1356k	1354k
	China Retail Sales YoY Sep	2.5%	2.1%	3.2%
	China Money Supply M2 YoY Sep	6.4%	6.3%	6.8%
	United Kingdom Retail Sales Inc Auto Fuel MoM Sep	-0.5%	1.0%	0.3%
	United Kingdom CPIH YoY Sep	2.7%	3.1%	2.6%

Source: Bloomberg, data accessed 21 October 2024.

Economic indicators (Week beginning 21 October 2024)

Day	Data Release	Consensus	Prior
Mon	United States Leading Index Sep	-0.3%	-0.2%
Wed	Canada Bank of Canada Rate Decision 45200	3.8%	4.3%
	United States MBA Mortgage Applications 43374	--	-17.0%
	United States Existing Home Sales Sep	3.88m	3.86m
Thu	United States Initial Jobless Claims 43739	240k	241k
	France HCOB France Manufacturing PMI Oct P	45.0	44.6
	France HCOB France Services PMI Oct P	50.0	49.6
	Japan Jibun Bank Japan PMI Mfg Oct P	--	49.7
	Germany HCOB Germany Manufacturing PMI Oct P	40.8	40.6
	United Kingdom S&P Global UK Manufacturing PMI Oct P	51.5	51.5
	United States S&P Global US Manufacturing PMI Oct P	47.5	47.3
	France HCOB France Composite PMI Oct P	48.9	48.6
	United States New Home Sales Sep	720k	716k
	United Kingdom S&P Global UK Services PMI Oct P	52.4	52.4
Fri	Germany IFO Business Climate Oct	85.6	85.4
	Italy Manufacturing Confidence Oct	87.0	86.7
	United States U. of Mich. Sentiment Oct F	69.3	68.9
	Japan Tokyo CPI Ex-Fresh Food YoY Oct	1.7%	2.0%
	United States Durable Goods Orders Sep P	-1.0%	0.0%
	Italy Consumer Confidence Index Oct	98.5	98.3

Source: Bloomberg, data accessed 21 October 2024.

Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2388	1.26%	1.27%	7.78%	11.47%
MSCI USA USD	5587	0.87%	0.88%	22.74%	23.68%
MSCI Europe ex UK EUR	209	0.18%	0.20%	8.72%	11.05%
MSCI AC Asia ex JPN USD	611	-0.42%	-0.41%	15.54%	18.07%
MSCI Japan JPY	1654	-0.77%	-0.77%	14.20%	16.21%
MSCI Emerging Markets USD	1155	-0.38%	-0.37%	12.83%	15.33%
Barclays Sterling Gilts GBP	232		1.54%		-0.50%
GOLD USD	2721	2.44%		31.92%	
WTI Oil USD	69	-8.39%		-3.39%	
MSCI PIMFA Income		0.95%	0.97%	7.16%	9.28%
MSCI PIMFA Balanced		0.91%	0.93%	8.55%	10.60%
MSCI PIMFA Growth		0.88%	0.89%	10.98%	12.91%

Source: Bloomberg, MSCI: please see important information, data accessed 21 October 2024.

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

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