

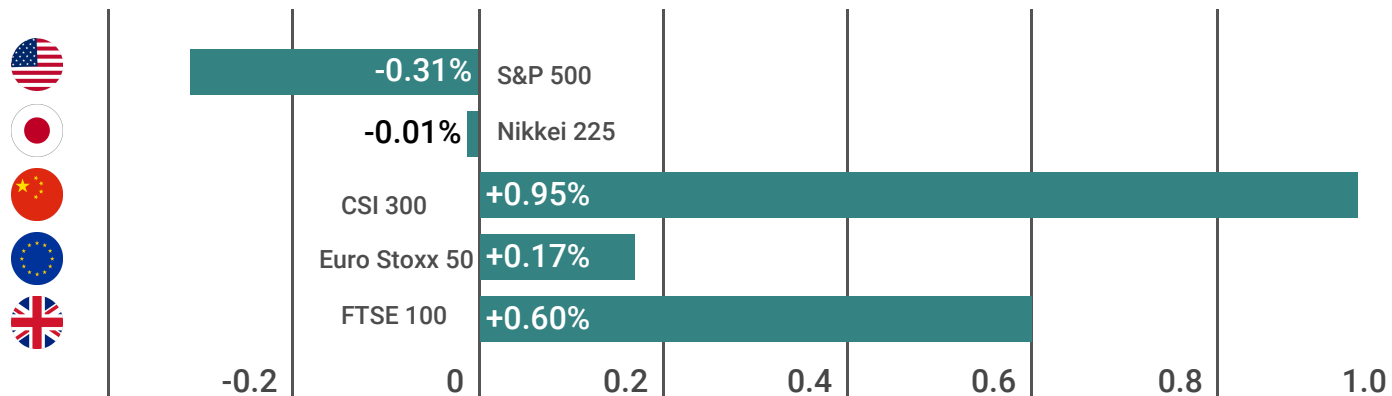
Weekly Market Update

15 November 2021

It was a mixed week for equity markets across the world – with a real focus on economic indicators, in particular the inflation numbers, which in the US surged to over 6%. In Japan, the government prepares to spend, whilst in China the property sector remains in the limelight. Over in Europe, coronavirus cases are ticking up and, in the UK, early Christmas shopping helps the economy.



Market Monitor (%): How did major stock markets perform last week?



Market Update:



UK

UK economic growth slowed to 1.3% in the third quarter of the year, down from 5.5% in the second quarter. Shortages of goods, labour, and components, and rising coronavirus cases weighed on activity. On the flipside, early Christmas shopping, more cinema trips and increased overseas travel boosted UK retail sales and consumer spending in October, which increased 1.3 per cent compared with the same month last year, up from 0.6 per cent in September.



US

Stocks came back down from record highs, as investors confronted data showing the highest inflation in three decades. Data showed that consumer prices had jumped 0.9% in October, well above expectations bringing the year-on-year inflation to over 6%, the highest since 1990. Whilst there was some positive news on the labour front, Consumers appeared to be paying much more attention to the higher inflation numbers reported.



Europe

Shares in Europe rose as continuing ultra-loose monetary policy and optimism about economic growth helped allay inflation concerns. Meanwhile, European nations began adopting or considering restrictions to curb a wave of coronavirus infections on the continent. The European Commission raised its 2021 economic growth forecast for the eurozone to 5.0% but said that the economy now faced "mounting headwinds," including supply chain disruption, rising energy costs, and rising number of coronavirus cases.



Japan

New details about the government's upcoming fiscal stimulus package and perceptions that corporate valuations were lagging helped Japan's stock markets during the week. The newly re-elected government is compiling an economic stimulus package of about JPY 30 trillion (around £196 billion). The price of goods traded in the corporate sector surged 8% in October compared to a year ago – the fastest pace in four decades – attributable to rising commodity prices and supply chain bottlenecks.



China

Chinese stock markets advanced amid speculation that Beijing would announce easing measures to help indebted property companies as the spectre of defaults continued to loom over the sector. Property is a key pillar of China's economy, and worries have grown that the sector's financial woes could spill into other sectors and even into global financial markets. On the inflation front, the producer price index, which measures the cost of producing goods, increased to 13.5%, a 26-year high.



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