

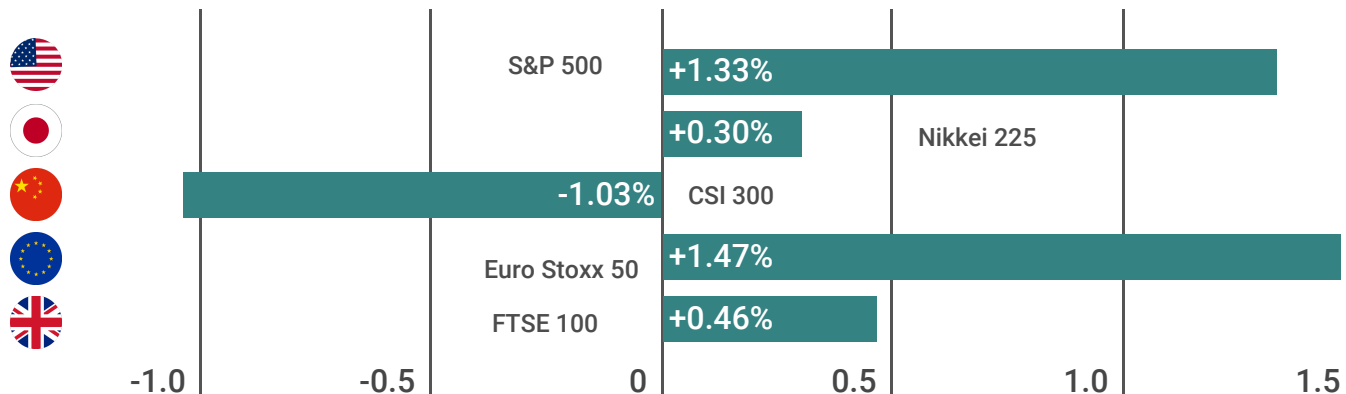
# Weekly Market Update

1 November 2021

Equity markets were moderately positive across the world last week, except for China where the concerns about the strength of its property sector weighed on markets. Corporate earnings appear to be positive, but supply chain problems and inflation concerns persist. Japan goes to the polls and in the UK, Rishi Sunak announces targeted spending initiatives.



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



### Market Update:



UK

The UK's Office of Budget Responsibility revised its outlook for economic growth for 2021 upwards to 6.5% and forecast that it will grow 6% in 2022. It reduced its estimate of the lasting economic damage caused by the pandemic from 3% to 2%. Considering this, it cut its forecast for government borrowing. Rishi Sunak unveiled plans to step up spending on infrastructure, education and other public services while cutting business tax rates for some industries that were hit hard by the pandemic. To read more about our thoughts on the Autumn Budget 2021, please click [here](#).



US

The week was the busiest for companies reporting their earnings for the period of July to September. Consumer stocks did well, led by Tesla, while Energy shares underperformed as oil prices fell back. Supply chain problems remained at the forefront, with both Amazon and Apple reporting lower growth forecasts because of labour and input shortages. The US economy's expansion will have likely slowed down sharply in the third quarter of the year, though this appears to be moderating inflation.



### Europe

Shares in Europe rose supported by solid earnings by companies. This may have helped to offset concerns about inflation and the potential for central banks to rein in some of their supportive policies. The European Union issued a preliminary estimate, indicating that the eurozone economy grew more in the third quarter of the year than the second. Among the major economies in the euro area, France and Italy posted stronger-than-expected growth in GDP.



### Japan

As expected, Japan's ruling Liberal Democrats secure their victory in Sunday's general election and did so in a bigger way than most were expecting. During the week, companies' financial reports appeared to have a positive impact on investor sentiment. Data suggests that the Japanese economy may have contracted in the third quarter of the year, but many are expecting a recovery in the service sector to support the economy in the coming months.

### China



China's stock markets retreated amid continued concerns about the strength of the property sector. The property sector, which accounts for about one-third of China's overall economy, has stirred investor anxiety in recent weeks. During the week, a planned pilot real estate tax scheme and a missed payment by Modern Land kept the sector under pressure, though China Evergrande paid a delayed coupon within the grace period on Friday.



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