

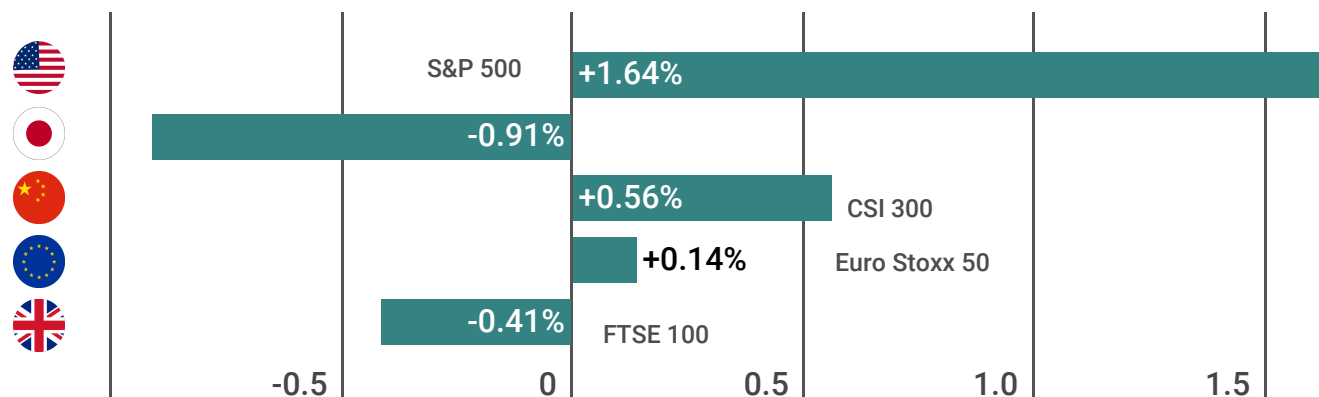
Weekly Market Update

25 October 2021

Equity markets were mixed across the world this week. Corporate earnings appear to have boosted investor sentiment in the US and in Europe. Japan readies for its upcoming general election and China seeks to contain the property crisis amid a slowing economy. In the UK, investors are expecting that an interest rate hike could come sooner than expected.



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



Market Update:



UK

Following the governor of the Bank of England's warning that it "will have to act" to curb inflationary pressure, investors are concerned that interest rates could rise as early as next month. Inflation unexpectedly slowed to 3.1% year over year in September but still well above the Bank of England's 2% target. Business activity for October appears to have picked up unexpectedly, driven by an increase in the services sector.



US

Another week of positive surprises as companies reported their earnings, together with hopes for additional fiscal stimulus, appeared to improve investor sentiment. Conversely, the week's economic data was mixed. In the housing sector, existing home sales jumped to their highest level since January, but construction on new homes fell sharply. Industrial production also fell September, partly due to disruptions from Hurricane Ida and ongoing supply chain issues in the auto industry.



Europe

Shares in Europe rose modestly as optimism about corporate earnings overcame worries about the potential risks if central banks tighten monetary policy as economic growth loses momentum. On the economic front, business activity in the Eurozone slowed for a third consecutive month in October, amid increasing supply-chain bottlenecks and ongoing coronavirus-related disruptions.



Japan

As campaigning for the October 31 general election began, Japan's stock markets registered losses for the week. The current government has said that it intends to strengthen supply chains for strategic goods such as semiconductors and rare earth minerals. On the economic side, Japan's export growth appears to have slowed down in September. Meanwhile the services sector in the country appears to have registered an increase in activity for the first time since January 2020.

China



China's gross domestic product rose a lower-than-expected 4.9% in the third quarter of 2021 from a year ago as power shortages and property sector curbs impacted expansion. Despite this, China's stock markets advanced during the week after officials sought to calm fears about the property sector and China Evergrande Group made a delayed coupon payment. Elsewhere, Chinese authorities sought to allay a growing energy crunch saying that it would "guide coal prices back to a reasonable level."



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