

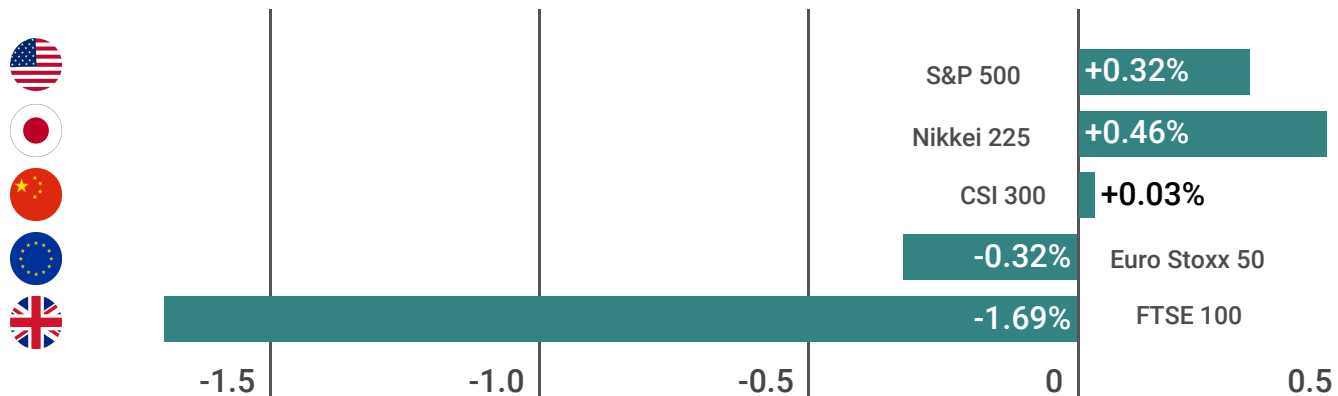
# Weekly Market Update

22 November 2021

It was a fairly muted week for equity markets across the world, with the exception of the UK, where inflation rose to the highest level in almost a decade. In the US, investors weight inflation fears against strong economic data, whilst in China a larger-than-expected stimulus had little effect on markets. In China, the Real Estate market continues to worry investors, and in Europe a surge in Covid-19 cases clouds the economic outlook.



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



### Market Update:



UK

Inflation hit the highest level in almost a decade in October, reaching 4.2% on an annual basis—up from 3.1% in September. Higher energy costs were a big part of the uptick in consumer prices. The number of payroll employees increased by 160,000 to 29.3 million between September and October, prompting speculation that the Bank of England might increase interest rates in December. Despite surging inflation, UK consumer confidence improved in November.



US

Stocks ended the week mixed as investors weighed strong economic and profits data against inflation fears, ongoing supply strains, and a rise in coronavirus infections in some regions. On the economic front, retail sales jumped 1.7% in October, the biggest gain since March. Inflation was partly behind the increase and early holiday shopping also appeared to be at work. Industrial production in October also rose much more than expected.



### Europe

Shares in Europe were little changed, as a surge in the number of coronavirus infections clouded the economic outlook. European countries began reimposing stricter restrictions—including stay-at-home orders and movement controls—to curb the spread of the coronavirus. The European Central Bank continued to push back against interest rate increases on the grounds that inflation would fade.



### Japan

Prime Minister Fumio Kishida's government approved a larger-than-expected stimulus package hoping to rebuild Japan's pandemic-hit economy and put it on a growth path as soon as possible. Despite this, markets were muted. The Japanese economy shrank 0.8% in the third quarter of 2021. A fall in consumer spending was linked to the country's coronavirus states of emergency, while weakness in exports was caused in part by supply chain constraints.



### China

eChinese markets were mixed during the week. Disappointing earnings and revenue from e-commerce giant Alibaba in the third quarter of the year topped off a week that saw more negative headlines on the economy as real estate firms scramble to raise money. Data showed that economic momentum stayed weak in October due to the real estate downturn and slowing industrial activity.



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