

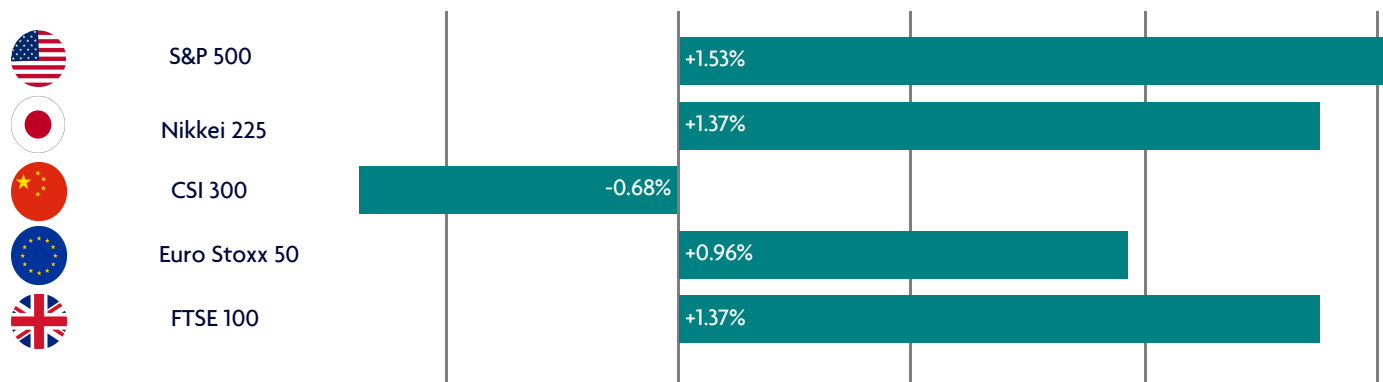
# Weekly Market Update

28 November 2022

Overall markets were positive over the week. Investors were broadly focussed on any indications that would allow central banks to slow down the pace at which they raise interest rates. Signs of economic slowdown and that inflation may soon begin to fall set the scene for markets this week.



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



## Market Update:



UK

Business activity in the UK declined for a fourth month running in November, reinforcing evidence that the economy is contracting. Despite the economic slowdown, Bank of England spokespeople have indicated that interest rates might have to rise further to control persistently high inflation. In other news, UK public sector borrowing rose last month as the government's measures to shield households and businesses from soaring energy prices took effect.



US

Investors kept a close eye on earnings reports from some prominent retailers and what they indicated about a potential economic slowdown. Shares of retailer Target fell sharply after the company reported flagging discretionary spending in recent weeks, but better-than-expected results from Wal-Mart, and some other retailers offered a more positive picture. Economic data was mixed, with some encouraging inflation numbers. However, bond markets are suggesting a recession in the US is on the horizon.



Europe

Economic data suggested that the European economy is contracting, and may already be in recession, and that inflationary pressures are beginning to ease. This would take the pressure off the European Central Bank and may mean they move more slowly from here when it comes to raising interest rates.



Japan

Investor sentiment was boosted by expectations that the Federal Reserve would slow down the pace at which it raises interest rates. Domestically, inflationary pressures show signs of broadening with core consumer prices in Tokyo up 3.6% in the year to November. Inflation in Tokyo usually indicates upcoming inflation across the nation. Data also suggests that the manufacturing sector is contracting for the first time since January 2021. Nonetheless, a recovery in the tourism industry continued to support the services sector.



China

Several cities in China imposed broad restrictions on movement and introduced mass testing as daily coronavirus cases approached all-time highs. Although no citywide lockdowns have been announced, the widespread restrictions have increasingly disturbed economic activities across the country, raising further concerns about the economic outlook. During the week investors balanced these new coronavirus restrictions against signs that authorities will provide more supportive measures to stimulate the economy amidst these lockdowns. News of additional funding for property developers also provided a boost to investor sentiment.



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