



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



November 2024

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October Commentary

“Global equity and bond markets were volatile in October, as investors were wary of the forthcoming US election and the UK Budget”



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October was a volatile month for markets, with equities falling after an initial rally and only a few markets ending up with a positive return. In Sterling terms, the US was the most notable performer. Global bond markets produced marginally positive returns as yields fell.

United Kingdom

FTSE All Share: -1.64%

UK equities fell over the month as investors were concerned that the UK budget has worsened the longer-term UK economic and interest rate outlook. While the Chancellor's spending plans drove upgrades to near-term UK growth and inflation forecasts, they were judged to offer limited long-term benefits to the economy's productive capacity.

The market also re-priced long-term government borrowing costs as it is anticipated that UK interest rates will need to be higher for longer, in order to offset more persistent inflationary pressures and maintain price stability as the economy grows.

The sharp turn in investor sentiment occurred despite generally positive near-term UK economic data, which included the news that inflation was back below the Bank of England's (BoE) 2.0% target.

United States

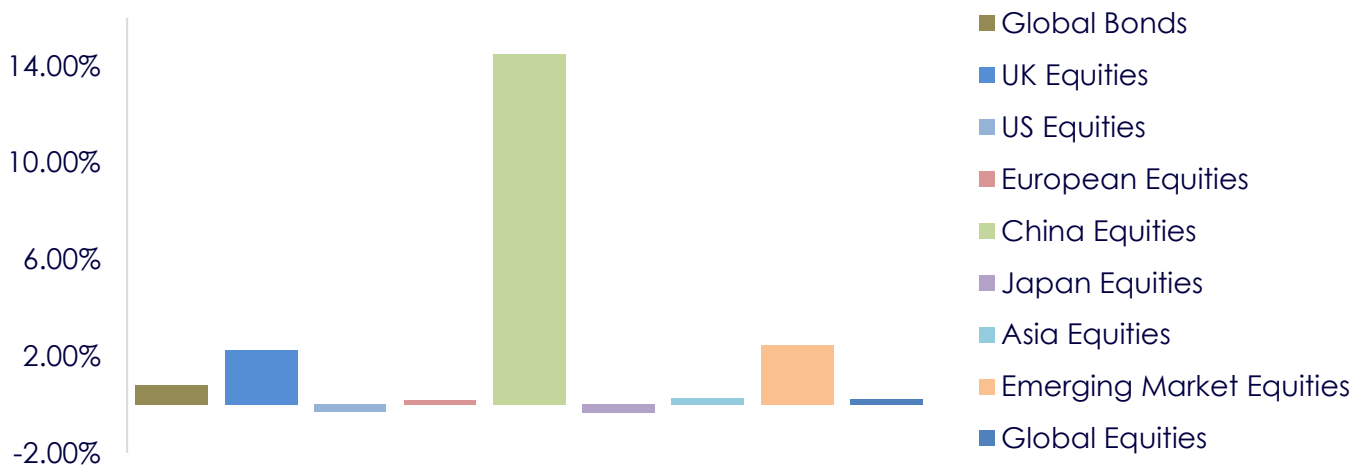
S&P 500: 3.36%

In Sterling terms US equities gained, but in local currency terms, they ended lower in October amid uncertainty ahead of the Presidential Election and ongoing doubts about the path of interest rates. Disappointing quarterly updates for some large companies also weighed on market returns.

estimated at 2.0%, up from 1.7% the previous month and business activity contracted again, with the composite purchasing managers' index (PMI) reading coming in at 49.7.

The European Central Bank (ECB) cut interest rates by 0.25%. However, the uptick in inflation and faster pace of economic growth may imply less likelihood of rapid rate cuts to come.

Discrete Quarterly Performance as at 31/10/2024



Macro-economic data was positive, as GDP grew by an annual rate of 2.8% in Q3, which was better than expected, but lower than Q2. Furthermore, US inflation, was down on the previous month to 2.4% and 254,000 jobs were added.

Investors expected the US Federal Reserve (Fed) to cut interest rates by 0.25% at its October meeting, following a 0.5% cut in September.

Europe

FTSE Developed Europe ex UK: -1.92%

Eurozone shares fell in October amid some concerns about growth and uncertainty around the US Presidential Election outcome. The market was also impacted by some weaker corporate earnings from several large companies in Q3.

Some positive data was released, as Eurozone economic growth was 0.4% in Q3, accelerating

China

CSI 300: -0.23%

Share prices in Mainland China and Hong Kong also experienced declines in the month after stimulus measures by the Chinese government, in a bid to boost the country's flagging economy, failed to bolster investor sentiment. China, the world's second-largest economy, continues to face a number of challenges, including the country's weak property sector and high levels of youth unemployment. Mainland China is also struggling with overproduction in some sectors such as steel and manufacturing, while in others such as technology, some companies are moving their production to Southeast Asia, due to cheaper costs and fewer geopolitical uncertainties.

Japan

MSCI Japan: 0.27%

Japanese equities continued to experience

higher volatility, but rebounded to generate a positive return, both in Sterling and local currency terms as the weakness of the Yen supported exporters.

Macroeconomic conditions remain solid, as confirmed at the Bank of Japan's (BoJ) meeting, where no policy changes were made. The BOJ's statement hinted that they may take action at the December meeting, but this would still depend on market conditions and economic developments. The corporate earnings remained solid.

Emerging Markets

MSCI Emerging Markets: -0.31%

Emerging market equities fell over the month amid widespread risk-off sentiment ahead of the US Presidential Election on 5th November. Emerging European markets declined as the market anticipated a Trump win and the potential consequences of this outcome especially in relation to tariffs. India also underperformed in the face of some weak corporate earnings results and signs of growth easing.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Taiwan delivered a positive return in October, driven largely by ongoing positive sentiment around the demand for artificial intelligence.

Global Bonds

Bloomberg Barclays Global Agg: 0.84%

October was a challenging period for global bonds as a number of the major government markets sold off during month. US Treasuries started to sell off as the increasing probability of a Republican victory could mean the likely implementation of more inflationary policies.

In the UK, the new Labour Government's first Budget took place at the end of October. The UK's new Chancellor of the Exchequer, Rachel Reeves, laid out the plan for a £40 billion tax increase. Following the announcement, 10-year gilts sold off over concern about an additional £28 billion a year in borrowing.

In Europe, inflation increased by more than expected in October and could potentially climb higher in the months to come. This reaffirmed the case for caution from the ECB, which cut rates by a further 0.25% mid-month.

Cumulative Performance and Annualised Volatility as at 31/10/2024

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	3.39	-5.89	-7.32	5.67
UK Equities	16.30	19.72	31.88	14.13
US Equities	29.71	36.47	99.97	13.68
European Equities	15.89	12.26	42.31	14.43
Japan Equities	15.46	14.74	30.28	12.39
Asia Equities	23.09	14.92	46.77	15.99
China Equities	8.91	-17.22	11.73	19.32
Emerging Market Equities	18.28	2.11	22.04	14.31
Global Equities	26.17	28.37	77.59	13.03

Data source FE Analytics 31/10/2024. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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