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PRIVATE CAPITAL

Monthly Market Update



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“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 Commentary

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.