

MONTHLY UPDATE – 9th October 2023

Good afternoon,

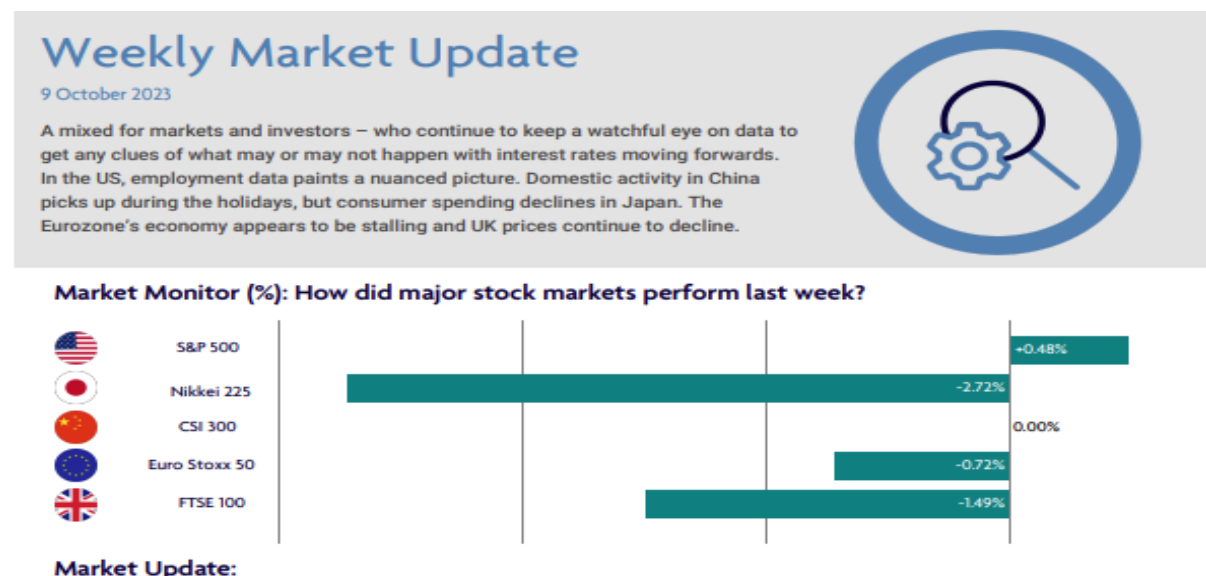
This week we have the weekly update along with the monthly update. The weekly update reflects the week until close of business on Friday and therefore is unaffected by the terrible events in Israel over the weekend, although markets have opened calmly this morning.






The key news from the month is the continued slowing (albeit gradual) of inflation and the first signs of the end of interest rate rises from the various central banks.

This was of course bound to happen at some point, although it is later than commentators thought at the turn of the year. The next question is how quickly they might fall and how embedded inflation has become. In any event it is a welcome sign.

For those of you with platform accounts through Embark, this month has seen the re-branding of the platform as Scottish Widows following their purchase. We are also due an upgrade of the platform towards the end of the month, and we will of course be monitoring the changes at this end. It promises a more advanced and hopefully easier to use platform with a better client interface and reporting.

For those of you looking to complete your tax returns the final Consolidated Tax Certificates have been starting to show on the accounts from this morning.



 UK <p>According to Halifax, house prices in the UK fell for the sixth month running in September, though Nationwide Building Society suggested they remained unchanged. Halifax and Nationwide track house prices and their data suggest that house prices have fallen the most this year since 2009. Meanwhile, a rapid slide in homebuilding caused activity in the construction industry to fall at the fastest pace in more than three years in September. UK retail inflation declined to the lowest level in a year in September as food price growth eased sharply to a single-digit rate.</p>	 Japan <p>Japanese stocks came under pressure amid concerns that central banks will maintain higher interest rates for longer. In Japan, economic data releases showed that real wages and consumer spending continued to fall in August, also weighing on sentiment. Conversely, the Bank of Japan's latest quarterly survey showed that a weak yen has boosted business sentiment among Japanese companies, which helped boost investor sentiment somewhat.</p>
 US <p>Investors were eagerly awaiting some official data on jobs with hopes that a decline in hiring would take the pressure off the US central banks when it comes to further rate increases. However, data reported that 336,000 nonfarm jobs were added in September – more than double the estimate. However, earnings rose at the lowest level since June 2021. This together with other data suggests that the drive in new jobs was a result of increased supply rather than demand driven – which was seen as positive by markets.</p>	 China <p>Financial markets in China were closed last week for the Mid-Autumn Festival and National Day holiday and will reopen today. Despite markets being closed, some positive economic datapoints were released that showed amongst other things, a pick-up in factory activity, expansion in both manufacturing and services sectors and a slower decline in new home sales. Furthermore, domestic activity in China picked up significantly during this eight-day holiday period – for example a 76% increase in trips being taken compared to last year.</p>
 Europe <p>Markets fell amid concerns about a prolonged period of higher interest rates. Furthermore, data released this week suggested that the eurozone economy likely stumbled in the third quarter of the year, suggesting that economic activity had contracted in September for the fourth consecutive month. The EU's statistics office reported that eurozone retail sales fell more than expected in August, declining 1.2% sequentially due to a sharp drop in gasoline, mail orders, and internet shopping.</p>	

As always if you have any questions on this or any other topic, please do not hesitate to let us know.

Very best,

Andy

Andy Wilmot