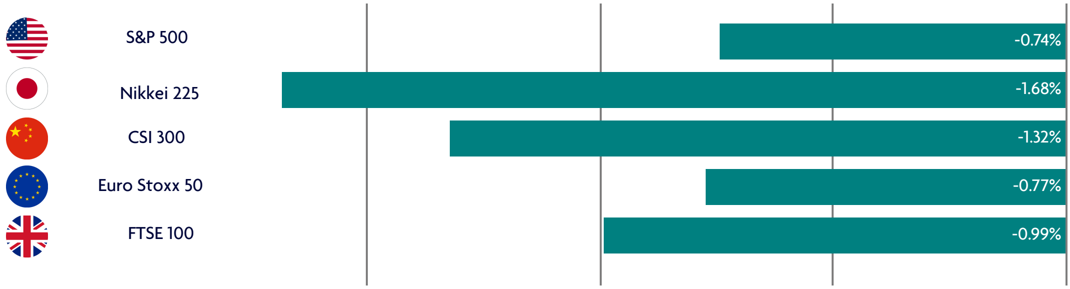
Weekly Market Update

2 October 2023

All signs point to interest rates having to remain at higher levels for longer – and higher oil prices this week worked to reaffirm this expectation and weighing on markets. However, data from the US and Europe this week is showing that inflation is slowing. Elsewhere, the Japanese government outline a stimulus plan and data suggests that the Chinese economy may have now bottomed.

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



Market Update:

UK

Data is now showing that the UK economy grew faster than expected in the first three months of the year, making Britain no longer the worst performer in the G7. Meanwhile, the property market continues to slow. Bank of England data showed banks and building societies approved less mortgages for house purchases in August, compared to July.

US

Higher oil prices contributing to concerns that inflation could prove more difficult for central banks to tame weighed on markets, as did the increasing likelihood of a US government shutdown – though a deal to avoid a shutdown was reached over the weekend. Despite the higher oil prices, another measure of inflation, known as the Core Personal Consumption Expenditures, Index (and this measure excludes the volatile food and energy prices) showed signs that inflation was continuing to slow. Other data this week was mixed, with consumer confidence weakening, but some manufacturing data came in more positively than anticipated

Europe

Markets fell amid concerns about a prolonged period of higher interest rates and a weak Chinese economy. Policymakers at the European Central Bank continue to reaffirm their commitment to keep interest rates at higher levels for an extended period in an effort to bring inflation back to the 2% target, and many took these comments to suggest that further interest rate hikes in Europe are still on the table. On the flip side, inflation in the Eurozone drops to its lowest level in two years.

Japan

Concerns about U.S. interest rates potentially remaining higher for longer and the rising price of oil weighed on investor sentiment. However, investors welcomed the Japanese government's announcement of a new economic stimulus plan, further details of which will be published later this month. Meanwhile, slowing inflation in the Tokyo area lent support to the Bank of Japan's commitment to its low interest rate policy stance..

China

Stocks fell as a lack of positive news on the economy dampened investor sentiment. Stock markets in mainland China were closed Friday, the start of a 10-day holiday for the Mid-Autumn Festival and National Day and will reopen on Monday 9th October. No official economic indicators in China were released during the week, but a private survey showed that prices in China are recovering, easing fears of a prolonged deflation. This survey data continues to point to signs that China's economy may have now bottomed after losing momentum following a brief post-lockdown recovery in the first quarter.

The Omnis Investment Club

To hear more about these topics, please search for "The Omnis Investment Club Podcast" on your podcast player.

Omnisinvestments.com

Omnis INVESTMENTS

Issued by Omnis Investments Limited. This update reflects Omnis' view at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Past performance should not be considered as a guide to future performance. The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Auckland House, Lydiard Fields, Swindon SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.