

Weekly Market Update

9 October 2023

A mixed for markets and investors – who continue to keep a watchful eye on data to get any clues of what may or may not happen with interest rates moving forwards. In the US, employment data paints a nuanced picture. Domestic activity in China picks up during the holidays, but consumer spending declines in Japan. The Eurozone's economy appears to be stalling and UK prices continue to decline.



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



Market Update:



UK

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.



US

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.



Europe

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.



Japan

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.



China

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.



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