

## Driven by rates volatility and corporate earnings

### US

- ▶ Q3'23 GDP (advance) rose 4.9% (median consensus forecast: +4.5%, prior: +2.1%) on strong consumer, government spending and inventories.
- ▶ October flash PMI from S&P Global surprised on the upside. Manufacturing PMI hit the 50 mark (consensus: 49.5, prior: 49.8). Services PMI was resilient at 50.9 (consensus: 49.9, prior: 50.1).
- ▶ Personal consumption expenditure (PCE) during September was better than expected while personal income disappointed. Personal spending rose 0.7% during September (consensus: 0.5%, prior: 0.4%). Personal income rose 0.3% (consensus: 0.4%, prior: 0.4%). PCE price inflation for September was broadly in line with expectations.
- ▶ The final October reading of the University of Michigan Consumer Confidence was better than expected.

### Europe

- ▶ After ten consecutive rate rises, the ECB was on hold in October as expected by us and the economist consensus. ECB did not announce any changes to PEPP or reserves remuneration.
- ▶ UK flash PMI surprised positively on manufacturing and negatively on services – but both measures continued to indicate a contraction (i.e. level below 50). In Eurozone, both manufacturing and services PMIs contracted further and surprised negatively.
- ▶ Offering some respite was German ifo index which saw an improvement and better-than-expected levels on business climate, current conditions, and expectations components.

### Asia

- ▶ In Japan, Tokyo's core inflation accelerated to 2.7% in October. PMIs pointed to a contracting manufacturing and slowing services expansion. PM Kishida unveiled measures of JPY5trn in tax cuts.
- ▶ In China, the NPC standing committee approved an RMB1trn additional Central government bond issuance quota to support infrastructure investment.

### Rates

- ▶ The yield on 10Y USTs moved above the 5% mark for the first time in 16 years before falling sharply and ending the week lower. For the week, yields on 10Y sovereigns fell across the board. Japanese government bonds were an exception.
- ▶ While the 10Y-2Y segment of the sovereign yield curves remained in inversion across US, UK, and Germany, yield curves have significantly bear-steepened in the last three months.

### FX

- ▶ Broader USD strengthened on strong economic data from the US (GDP, PMI, and consumer spending).
- ▶ The EUR lost ground against the USD as PMI data disappointed in Eurozone.
- ▶ The general risk-off tone in financial markets caused GBP weakness against the USD.
- ▶ JPY rose against the USD on speculation that the Japanese central bank could change its yield curve control policy at its meeting on October 31. Initial weakness in JPY also increased intervention fears.

### Commodities

- ▶ Oil prices fell last week with Brent down c2% and WTI down c4%. However, on Friday oil prices climbed about 3% on worries that tensions in Israel and Gaza could spread into a wider regional conflict disrupting crude supplies. Brent's premium over WTI rose to its highest level since March.
- ▶ Gold December 2023 futures moved above the USD2,000/t oz mark. Gold has rallied almost 10% since the onset of Middle East tensions as haven demand offset surging US bond yields and resilient USD.

### Equities

- ▶ Global equities (MSCI All Country World Index) fell c2% last week taking the drawdown from the end-July peak to c11%. S&P 500 index lost c10% over the same period.
- ▶ EM equities outperformed DM equities last week. Within DM, Japan outperformed in USD terms while Canada underperformed the most. Within EM, LatAm and Asian markets outperformed.
- ▶ Among global sectors, utilities, materials, and consumer sectors outperformed while communication services, energy, and health care underperformed.
- ▶ Turning to corporate earnings, as per Refinitiv, 245 companies in the S&P 500 index have reported their Q3'23 earnings so far. 77.6% of them have reported earnings above analyst estimates (this compares positively to a long-term average of 66.5% and prior four quarter average of 73.6%).

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# The Weekly Market View

October 30 2023

## Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	4,117	-2.5	7.2
Dow Jones	32,418	-2.1	-2.2
Nasdaq	12,643	-2.6	20.8
DAX	14,687	-0.8	5.5
Nikkei 225	30,992	-0.9	18.8
FTSE 100	7,291	-1.5	-2.2
Sensex	63,783	-2.5	4.8
Hang Seng	17,399	1.3	-12.1
Regional Markets			
ADX	9,237	-0.8	-9.5
DFM	3,787	0.9	13.5
Tadawul**	10,409	-0.8	-1.3
DSM**	9,319	-4.1	-12.8
MSM30**	4,554	-1.9	-6.6
BHSE**	1,941	-0.2	2.4
KWSE**	6,504	-3.0	-10.8
MSCI			
MSCI World	2,732	-2.1	5.0
MSCI EM	920	-0.6	-3.8

## Global Commodities, Currencies and Rates\*



Commodity	Latest	Weekly %	YTD %
Brent USD/bbl	90.5	-1.8	5.3
WTI USD/bbl	85.5	-3.6	6.6
Gold USD/t oz	1,981.9	-0.6	9.2
Silver USD/t oz	22.7	-3.7	-4.4
Platinum USD/t oz	903.0	0.9	-12.4
Copper USD/MT	8,030.0	1.9	-4.0
Alluminium	2,206.2	2.3	-6.1
Currencies			
EUR USD	1.06	-0.3	-1.3
GBP USD	1.21	-0.3	0.2
USD JPY	149.62	-0.2	14.1
Rates			
	Latest	Weekly (bp)	YTD (bp)
SOFR	5.31	1.0	101.0
UAE Eibor 3m	5.50	9.9	119.0
UAE Eibor 12m	5.63	-5.7	59.0
US 3m Bills	5.32	1.0	102.0
US 10yr Treasury	4.83	-8.1	100.1
German 10yr Bund	2.84	-4.7	27.3
UK 10yr Gilt	4.55	-11.0	87.6

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as of October 27 2023 unless stated otherwise; \*\*Data as of October 26 2023.

## Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
<b>Equities</b>						<b>35.0</b>	<b>37.2</b>	<b>2.2</b>
North America						22.0	24.0	2.0
Europe						6.0	4.0	-2.0
Japan						1.9	1.9	0.0
APac ex Japan						4.3	5.3	1.0
EM ex Asia						0.8	0.5	-0.3
Japan (JPY) off BM						0.0	1.5	1.5
<b>Fixed Income</b>						<b>50.0</b>	<b>47.8</b>	<b>-2.2</b>
DM Treasuries IG						27.2	25.2	-2.0
DM Corporate IG						10.4	10.4	0.0
EM USD Sov. IG						0.7	0.7	0.0
EM LCY IG						4.3	5.3	1.0
EM Corporate IG						0.5	0.2	-0.3
Global HY						5.0	5.0	0.0
Cash						2.0	1.0	-1.0
<b>Alternatives</b>						<b>15.0</b>	<b>15.0</b>	<b>0.0</b>

Colour legend  Current  Previous

Source: Bloomberg, Bloomberg BGN, Bloomberg Indices, Hedge Fund Research, MSCI, Standard & Poor's, DataStream, Refinitiv, and ADCB Asset Management | Notes: \*Positioning recommendations: SUW = Significant Underweight; UW = Underweight; N = Neutral; OW = Overweight; SOW = Significant Overweight. \*\*Based on balanced risk profile. SAA = Strategic Asset Allocation; TAA = Tactical Asset Allocation; Active weight = TAA weight – SAA weight. Weights may not sum to 100% due to rounding.

# The Weekly Market View

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## Forthcoming important economic data/events

### United States



Date & Time (GST)	Indicator	Period	Expected	Prior
10/30/2023 18:30	Dallas Fed Manf. Activity	Oct	--	-18.1
10/31/2023 16:30	Employment Cost Index	3Q	1.00%	1.00%
10/31/2023 17:00	FHFA House Price Index MoM	Aug	--	0.80%
<b>10/31/2023 18:00</b>	<b>Conf. Board Consumer Confidence</b>	<b>Oct</b>	<b>100</b>	<b>103</b>
<b>11/01/2023 15:00</b>	<b>MBA Mortgage Applications</b>	<b>27-Oct</b>	<b>--</b>	<b>-1.00%</b>
11/01/2023 16:15	ADP Employment Change	Oct	135k	89k
<b>11/01/2023 17:45</b>	<b>S&amp;P Global US Manufacturing PMI</b>	<b>Oct F</b>	<b>--</b>	<b>50</b>
11/01/2023 18:00	JOLTS Job Openings	Sep	--	9610k
<b>11/01/2023 18:00</b>	<b>ISM Manufacturing</b>	<b>Oct</b>	<b>49</b>	<b>49</b>
<b>11/01/2023 22:00</b>	<b>FOMC Rate Decision (Upper Bound)</b>	<b>1-Nov</b>	<b>5.50%</b>	<b>5.50%</b>
<b>11/01/2023 22:00</b>	<b>FOMC Rate Decision (Lower Bound)</b>	<b>1-Nov</b>	<b>5.25%</b>	<b>5.25%</b>
11/01/2023 22:00	Interest on Reserve Balances Rate	2-Nov	--	5.40%
11/02/2023 16:30	Nonfarm Productivity	3Q P	3.80%	3.50%
11/02/2023 16:30	Initial Jobless Claims	28-Oct	--	210k
11/02/2023 16:30	Continuing Claims	21-Oct	--	1790k
11/02/2023 18:00	Factory Orders	Sep	1.00%	1.20%
11/02/2023 18:00	Durable Goods Orders	Sep F	--	4.70%
<b>11/03/2023 16:30</b>	<b>Change in Nonfarm Payrolls</b>	<b>Oct</b>	<b>168k</b>	<b>336k</b>
11/03/2023 16:30	Change in Manufact. Payrolls	Oct	-5k	17k
11/03/2023 16:30	Unemployment Rate	Oct	3.80%	3.80%
11/03/2023 16:30	Average Hourly Earnings MoM	Oct	0.30%	0.20%
11/03/2023 16:30	Labor Force Participation Rate	Oct	--	62.80%
<b>11/03/2023 17:45</b>	<b>S&amp;P Global US Services PMI</b>	<b>Oct F</b>	<b>--</b>	<b>50.9</b>
<b>11/03/2023 18:00</b>	<b>ISM Services Index</b>	<b>Oct</b>	<b>53</b>	<b>53.6</b>

### Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
<b>10/31/2023 03:30</b>	<b>Jobless Rate</b>	<b>Sep</b>	<b>2.60%</b>	<b>2.70%</b>
10/31/2023 03:50	Retail Sales YoY	Sep	6.00%	7.00%
<b>10/31/2023 03:50</b>	<b>Industrial Production MoM</b>	<b>Sep P</b>	<b>2.50%</b>	<b>-0.70%</b>
10/31/2023 09:00	Housing Starts YoY	Sep	-6.40%	-9.40%
10/31/2023 09:00	Annualized Housing Starts	Sep	0.820m	0.812m
<b>11/01/2023 04:30</b>	<b>Jibun Bank Japan PMI Mfg</b>	<b>Oct F</b>	<b>--</b>	<b>48.5</b>
11/02/2023 03:50	Monetary Base YoY	Oct	--	5.60%

### Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
<b>10/30/2023 13:00</b>	<b>Germany GDP SA QoQ</b>	<b>3Q P</b>	<b>--</b>	<b>0.00%</b>
10/30/2023 14:00	Eurozone Consumer Confidence	Oct F	--	-17.9
<b>10/30/2023 17:00</b>	<b>Germany CPI YoY</b>	<b>Oct P</b>	<b>--</b>	<b>4.50%</b>
10/30/2023 17:00	Germany CPI EU Harmonized YoY	Oct P	3.40%	4.30%
10/31/2023 10:30	France GDP QoQ	3Q P	--	0.50%
10/31/2023 11:45	France CPI EU Harmonized YoY	Oct P	4.50%	5.70%
<b>10/31/2023 11:45</b>	<b>France CPI YoY</b>	<b>Oct P</b>	<b>4.00%</b>	<b>4.90%</b>
10/31/2023 11:45	France PPI YoY	Sep	--	-1.40%
10/31/2023 14:00	Eurozone GDP SA QoQ	3Q A	--	0.10%
10/31/2023 14:00	Eurozone CPI Estimate YoY	Oct	3.10%	--
<b>10/31/2023 14:00</b>	<b>Eurozone CPI Core YoY</b>	<b>Oct P</b>	<b>4.20%</b>	<b>4.50%</b>
<b>11/02/2023 12:50</b>	<b>France HCOB Manufacturing PMI</b>	<b>Oct F</b>	<b>--</b>	<b>42.6</b>
<b>11/02/2023 12:55</b>	<b>Germany HCOB Manufacturing PMI</b>	<b>Oct F</b>	<b>--</b>	<b>40.7</b>
<b>11/02/2023 13:00</b>	<b>Eurozone HCOB Manufacturing PMI</b>	<b>Oct F</b>	<b>--</b>	<b>43</b>
11/03/2023 11:45	France Industrial Production MoM	Sep	--	-0.30%
11/03/2023 11:45	France Manufacturing Production YoY	Sep	--	-1.10%

# The Weekly Market View

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## United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
10/28/2023 – 11/03	Nationwide House Px NSA YoY	Oct	-4.80%	-5.30%
10/30/2023 13:30	Mortgage Approvals	Sep	--	45.4k
<b>11/01/2023 13:30</b>	<b>S&amp;P Global/CIPS UK Manufacturing PMI</b>	<b>Oct F</b>	<b>--</b>	<b>45.2</b>
<b>11/02/2023 16:00</b>	<b>Bank of England Bank Rate</b>	<b>2-Nov</b>	<b>--</b>	<b>5.25%</b>
11/03/2023 13:30	Official Reserves Changes	Oct	--	-\$1774m
<b>11/03/2023 13:30</b>	<b>S&amp;P Global/CIPS UK Services PMI</b>	<b>Oct F</b>	<b>--</b>	<b>49.2</b>

## China and India



Date & Time (GST)	Indicator	Period	Expected	Prior
<b>10/31/2023 05:30</b>	<b>China Manufacturing PMI</b>	<b>Oct</b>	<b>50.2</b>	<b>50.2</b>
10/31/2023 05:30	China Non-manufacturing PMI	Oct	51.5	51.7
<b>11/01/2023 05:45</b>	<b>China Caixin PMI Mfg</b>	<b>Oct</b>	<b>50.8</b>	<b>50.6</b>
<b>11/01/2023 09:00</b>	<b>India S&amp;P Global PMI Mfg</b>	<b>Oct</b>	<b>--</b>	<b>57.5</b>
<b>11/03/2023 05:45</b>	<b>Caixin China PMI Services</b>	<b>Oct</b>	<b>--</b>	<b>50.2</b>
<b>11/03/2023 09:00</b>	<b>India S&amp;P Global PMI Services</b>	<b>Oct</b>	<b>--</b>	<b>61</b>

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