



The Premier Partnership Limited

Your Family Office

So, Where are we now?

It's difficult to know where to start really with this month's report, as there is such a lot of conflicting economic data about. However, lets start with the markets. Simple this one – pretty poor performance all around.

All major global stock markets are down over the month, with the major American Indices bearing the brunt of the falls in value, with the indices themselves down anything between 1% and 6% over the month. In fact, it has been a poor 3 months overall for markets, but its not just the effects of the two ongoing wars that are making the difference. Although those wars are in no way helping the World in general. No, the focus of attention is on the confusing picture being provided by the US Economy and markets. On one hand, the US Tech Sector – led by the Magnificent 7 (Apple; Nvidia, Amazon etc) has provided all of the positive numbers deriving from the S&P 500 Index this year, and on the other the rest of the 493 remaining participants of the index are down in value year to date.

This skew in market participants is very unusual. The reason for the rest of the market's participants being so weak, is the strength of the American Economy. Bizarre, I hear you say, when I bang on constantly about economies driving market performance,. However, this economy is showing signs of pre – recessionitis, and the only saviour from that condition, is, The Federal Reserve.

The Fed does not want a strong labour market; wage rises above inflation; property purchases and sales – because all of those are inflationary. And inflation is the one thing that the American (or an) economy does not need, because this focuses attention on the direction of interest rates. We know the mantra "higher for longer "is oft being spoken of, but how high? and for how long? are the pertinent questions that matter. That is why markets have got themselves in a pickle. So, all eyes are on The Fed to see what they are going to do next. As I write this article, The Fed are meeting to see what they do next in directions to the markets on interest rates. So, if you think this article is late – you are right! I have decided to finish this piece with The Fed decision, so until that is known, I will leave my copy unfinished, but ready to go when complete. So, apologies for the delay, but this is quite important. See Stop Press!!

The risk of recession is not properly priced into markets in the US, because the consensus opinion is that the US will achieve a soft landing, based on positive economic data. You can have a recession without having the massive global imbalances that were around prior to the Global Financial crisis of 2008. But if we see cracks in American Labour market, that would be a negative sign. Higher borrowing costs means access to credit deteriorating for smaller companies, hence the imbalance in the performance of the S&P 500 index. If Companies cannot borrow, they cannot expand, so they cannot hire people who earn wages, pay taxes and consume goods. Smaller Companies are the backbone of any economy and are usually the nation's largest set of employers – with the exception of China and Russia. So, we now await news from The Fed.

STOP PRESS

The Federal Reserve voted to hold interest rates at their current 22-year highs, and hinted in the commentary that the current cycle of rate rises is on pause for the time being. However, they also stated that if the strength in the American economy continues to be potentially inflationary, then a further tightening cycle and higher interest rates would remain a possibility.

Risk assets and stock markets took heart from the news and finished stronger. The UK market is higher today, as it is also widely expected that The Bank of England will follow suit and also hold further rate rises, when they make their decision at 12.00 on Thursday 2nd November.



Until next time.....

Investment REPORT

Global Stock Market Performance 2023

Market	Index	30 December 2022	31 October 2023	Percentage Performance Year to date
USA	Dow Jones	33006.97	33175.52	+0.51
	NASDAQ	10397.46	12948.11	+24.53
	S&P 500	3822.23	4217.76	+10.34
UK	FTSE 100	7451.74	7342.43	-1.46
France	CAC 40	6504.22	6927.02	+6.50
Germany	Xetra Dax	13923.59	14909.16	+7.07
Italy	FTSE MIB	23706.96	27985.44	+18.04
Spain	IBEX 35	8229.10	9075.00	+10.27
Switzerland	SMI	10729.40	10503.89	-2.10
Japan	Nikkei 225	26094.50	31601.65	+21.10
Hong Kong	Hang Seng	19781.41	17101.78	-13.54
China	Shanghai Composite	3089.26	3023.08	-2.14
India	Sensex 30	60840.74	63591.33	+4.52

Data provided by Morningstar

MSCI WMA Private Investor Index Series Values

Capital Performance	31 October	% Change During:		
		3 months	12 months	5 years
Global Growth	2,981.183	-2.27%	4.71%	8.72%
Balanced	2,663.311	-1.95%	3.29%	3.79%
Income	2,434.215	-1.70%	2.56%	3.05%
Conservative	1,713.388	-1.25%	1.33%	1.48%
Growth	2,932.071	-2.34%	4.22%	5.32%

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