

Last Week at a Glance

Equity and fixed income markets declined last week as bond yields rose due to a repricing of rates expectations and US election uncertainty. The US dollar strengthened, as did gold.

- US weekly unemployment claims came in lower than consensus expectations for a second week in a row, while flash S&P composite PMI for the US signaled continued expansion in economic activity in October. The healthier-than-expected US economic data led markets to anticipate a slower pace of Fed policy easing, with futures pricing showing a moderation in rate cut expectations to 125 basis points (bps) over the next year.
- US treasury yields rose sharply, driven in part by still resilient economic data and increased uncertainty ahead of the US elections. The policy sensitive two-year yield rose 14 bps in the week to 4.13%, while the ten-year yield rose 16 bps to 4.24%.
- The rise in yields weighed on equities broadly, with global equities down 1.1%. Rate-sensitive sectors such as global REITs (-1.7%) and global small caps (-2.4%) were hit harder. In contrast, global growth stocks (-0.4%) outperformed following stronger than expected earnings from Tesla.
- The US dollar broadly strengthened over the week, most notably against the Japanese yen. The Bank of Japan is expected to hold policy rates steady at this week's policy meeting, while the loss of the ruling Liberal Democratic Party's majority in last weekend's elections may add further pressure on the yen.
- Gold gained 0.8% over last week and 4.0% month-to-date despite the rise in yields and the strengthening of the US dollar, given increased geopolitical tensions in the Middle East and the yellow metal's safe-haven quality.

MARKET PERFORMANCE

As of October 27, 2024 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	-1.1	0.4	19.2
Developed Markets	-1.1	0.6	19.4
United States	-1.0	0.9	22.5
Euro Area	-1.2	-1.2	10.4
United Kingdom	-1.3	0.3	10.1
Japan	-2.4	-0.5	13.4
Emerging Markets	-1.5	-1.5	16.6
Fixed Income			
US Aggregate	-0.9	-2.3	2.0
US Treasuries	-0.8	-2.3	1.5
US Corporate IG	-1.0	-2.2	3.0
US Corporate HY	-0.4	-0.5	7.5
Real Assets			
Global Equity REITs	-1.7	-1.9	10.7
Global Natural Resources	-0.6	0.6	5.3
Gold Bullion	0.8	4.0	32.7
Currencies			
EUR/USD	-0.2	-2.9	-1.9
GBP/USD	-0.3	-3.1	1.9
USD/JPY	1.6	6.3	7.8