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## 2023 October Market Wrap

Wednesday 1 November 2023

In October, equity markets faced challenges, and long bond yields rose to around 5%, marking a shift from the focus on offensive investment strategies over the past decade to a need for portfolio balance between offense and defense. The third quarter saw the first negative quarter in equity markets in 12 months, driven by concerns about the sustainability of higher interest rates. Investors anticipate that central banks will need to maintain higher interest rates for a longer period due to persistent inflation, compounded by factors like elevated oil prices, geopolitical tensions, and uncertainty.

In Australia, home prices continued to rise in October, nearing record levels, indicating that the Reserve Bank of Australia may resume hiking interest rates. The RBA is expected to increase the cash rate by 0.25% at its next meeting, with another 0.25% hike in December, resulting in a cash rate of 4.65%. This decision is influenced by firmer-than-expected annual inflation of 5.4% in the September quarter, driven partly by government spending and increased migration.

For the Federal Reserve, it is expected that they will keep interest rates steady at their upcoming policy meeting, but there is potential for another rate increase in the future due to concerns about stagnant progress in slowing wage and price increases. The Fed believes that maintaining a tightening bias is prudent, as they are concerned that inflation could accelerate, and the economy has been resilient to higher interest rates.

Global financial trends include expectations of prolonged higher interest rates, positive sentiment toward commodities critical for clean energy and supply chain onshoring, a preference for energy investments due to anticipated higher oil prices, reduced exposure to China in global funds, optimism about macro and governance reforms in Japan, and a notable focus on anti-obesity GLP-1 drugs in pharmaceutical investments, impacting other sectors negatively.

If you have any questions do not hesitate to contact me.

### Summary of Major share indices

Index	1 Month	52 Weeks	YTD
DJIA	+0.15%	+1.22%	-0.28%
Nasdaq	-1.59%	+18.00%	+22.78%
S&P 500	-0.84%	+8.76%	+9.23%
Russel 2000	-3.76%	-10.21%	-5.62%
Europe 600 Index	-1.60%	+4.56%	+2.06%
UK FTSE 100 Index	-1.99%	+1.89%	-1.74%
Hong Kong Hang Seng	-1.26%	+10.72%	-13.49%
Japan Nikkei 225	-1.21%	+11.49%	+18.26%
China Shanghai Composite	-2.95%	+1.67%	-2.28%
India S&P BSE Sensex	-2.50%	+4.51%	+4.99%
ASX 200 (Australia)	-3.78%	-2.95%	-0.21%

### Australian Dollar

*Antipodean Advisory Trading as Antipodean Advisory (AFSL 547263) Michael Clapham is a director of Antipodean Private Trading as Antipodean Advisory (AFSL 5472563)*



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	<b>Close</b>	<b>52-week Range</b>
<b>AUD</b>	0.6365%	0.6170-0.7364%

#### **Government Bonds**

	<b>Close</b>	<b>52-week Range</b>
<b>US 3 Month Bill</b>	5.478%	4.079-7.959%
<b>US 10 Years Note</b>	4.934%	3.261-5.022%
<b>US 30 Years Bond</b>	5.097%	3.259 – 5.183%
<b>Australia 10 years</b>	4.994%	3.160-5.002%

*Source: Wall Street Journal.*