



**WEEKLY BULLETIN**

# A resilient US workforce, but geopolitical risk returns

## Key takeaways

Geopolitical risk picked up again over the weekend, with a sudden return to conflict in Israel. During the preceding week, the eye of the market was fixed upon the latest US employment data, which pointed to ongoing resilience in September.

- Citizens in the Middle East are counting the human cost of a shocking return to open warfare in Israel over the weekend. For global investors, the uncomfortable reality is that conflict rarely has an elongated impact on financial markets, however devastating it may be to witness or endure. However, this latest sudden escalation joins the ongoing Russia-Ukraine conflict and bubbling US-China tensions in adding to the current spectrum of geopolitical risks.
- September's survey data from the Institute for Supply Management (or ISM) painted an improving picture for the US manufacturing sector. Meanwhile, the ISM's services sector report pointed to a slightly weakening picture. Overall, this private sector survey update supports the idea that US economic activity continues to be resilient, despite sharp interest rates hikes over the past 18 months.
- Last week saw the release of lots of data covering US employment markets, from the latest figures on new job openings to employment surveys and overall employment numbers for September. Taken together, the news pointed to a stronger-than-expected employment environment in the US. Like broader economic activity across the Atlantic, employment markets have continued to show strength, although the general trend appears to be one of a gentle slowdown. The US central bank will continue to watch data like this very closely, as employment market strength has played a significant part in driving inflation up to unwelcome levels in the US.

## Market moves

In a painful week for prices in both bond and stock markets, the US was the only major region to eke out positive returns in share prices.

The price of oil fell heavily over the course of the week, but jumped sharply after this weekend's attack on Israel.

## What to look out for this week

The latest US inflation data (measured by the Consumer Price Index, or CPI) is due for release on Thursday, while a Chinese inflation update is set for Friday.

## Market performance (as at 6 October 2023)

	Index Levels	Last Week	Month to Date	Year to Date
<b>Equity</b>				
MSCI United Kingdom	2,147.9	-1.5%	-1.5%	3.7%
MSCI United Kingdom Mid Cap	1,193.2	-1.7%	-1.7%	8.8%
MSCI United Kingdom Small Cap	345.7	-3.0%	-3.0%	-1.7%
MSCI World (GBP)	2,245.6	-0.1%	-0.1%	9.8%
S&P 500 (GBP)	4,308.5	0.7%	0.7%	12.2%
MSCI Japan (GBP)	1,380.5	-2.5%	-2.5%	7.2%
MSCI Europe ex-UK (GBP)	1,565.0	-1.4%	-1.4%	6.0%
MSCI Pacific ex-Japan (GBP)	1,512.4	-1.7%	-1.7%	-7.4%
MSCI Emerging Markets (GBP)	57,878.3	-1.5%	-1.5%	-0.8%
<b>Bonds</b>				
BoA Merrill Lynch Conventional Gilts	950.8	-1.4%	-1.4%	-6.0%
BoA Merrill Lynch Index-Linked Gilts	382.3	-3.1%	-3.1%	-10.8%
BoA Merrill Lynch £ Corporate	376.7	-1.2%	-1.2%	0.0%
<b>Commodities</b>				
Oil (West Texas Intermediate, GBP)	\$82.8	-8.7%	-8.7%	1.9%
Gold (GBP)	\$1819.6	-2.6%	-2.6%	-1.0%
S&P / GSCI (GBP)	3,549.1	-5.2%	-5.2%	0.2%

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