



Global Markets

As earnings season begins, traders are also eyeing the U.S. presidential election and key economic data, with Q3 momentum appearing to wane as Q4 starts. Brent prices exhibited high volatility in October, dropping nearly 8% at one point and ending the month at \$73 per barrel. Meanwhile, China's central bank lowered the one-year Loan Prime Rate (LPR) by 25 basis points to 3.1%, marking the largest cut on record to support the economy. While euro-zone equities have shown resilience amidst sluggish regional growth—bolstered by falling inflation rates and the European Central Bank's recent interest rate cut—PMI data reveals a concerning trend of weak activity across most developed markets, including a two-year low in Japan and an 11-month low in the UK.

Reflecting these developments, SEDCO Capital maintains a neutral view on equities but adopts a slightly risk-on stance in the U.S. due to strong economic indicators and easing monetary policy. Emerging markets are also gaining traction, bolstered by robust stimulus measures from the Chinese government. Meanwhile, Europe and Asia-Pacific remain cautiously neutral amid regional uncertainties and mixed valuations.



Turbulence of brent prices

Oil prices posted their biggest weekly rise since January 2023, surging from around \$71 to a high of \$81 per barrel in early October. This surge was due to concerns that escalating Middle East tensions, particularly between Israel and Iran, could disrupt vital energy infrastructure in the world's primary oil-exporting region, in addition to supply disruptions in an area responsible for a third of the world's crude. By month-end, prices stabilized near \$73 per barrel, though they remained below earlier highs following an 8% drop the prior week. OPEC and the IEA also lowered their 2024 oil demand forecasts due to weakened demand in China, where economic challenges and an accelerated shift to electric vehicles have sharply reduced the country's share of global oil demand growth from nearly 70% last year to just 20% this year.



Optimism grows for EU equities amid falling inflation

Prospects for euro-zone equities remain strong despite sluggish regional growth. September inflation fell to 1.8% from 2.2% in August, largely due to lower energy prices, marking the lowest rate since April 2021 and below analyst expectations.

Core inflation also saw a slight decline, from 2.8% to 2.7%. To support the economy, the ECB reduced its key rate by 25 bps to 3.25%, marking a second consecutive cut. Euro-zone equities have outperformed other developed markets recently, supported by companies in the euro-zone benchmarks that benefit from exposure to growing U.S. and Chinese markets. Additionally, optimism around AI is expected to provide continued support for euro-zone stocks in the coming year.



PMIs show weakness in developed markets

Recent PMI data reveals a concerning trend of weak activity across most developed markets as Q4 begins. Japan's composite PMI plummeted to a two-year low, reinforcing expectations of a sluggish second half of the year. In the UK, the PMI dipped to an 11-month low, with many firms reportedly halting operations amid uncertainty surrounding the upcoming Budget. Although the euro-zone PMI showed a slight increase, it still points to economic stagnation. In the U.S., the PMI rose in October, but recent surveys have not reliably indicated the state of U.S. economic activity.



Regional Markets

Saudi Deficit Widens Amid Growth Plans

Saudi Arabia's Public Investment Fund (PIF) announced a strategic partnership with Central Group, a prominent conglomerate in retail, real estate, and hospitality, following its acquisition of a 40% stake in Selfridges Group. This transaction comes after PIF reached a binding agreement to fully acquire Signa Group's interest in Selfridges, pending regulatory approvals. The deal also involves new investments from both PIF and Central Group to enhance Selfridges Group's market position and support future growth. Additionally, Saudi sovereign wealth fund PIF has announced the establishment of Smart Accommodation for Residential Complexes Company (SARCC), a new entity that will meet the growing demand for accommodation solutions for both public and private projects across the Kingdom. SARCC is a new property developer and operator of housing for staff of major construction and development projects across Saudi Arabia.



**Global Data: As
End Of:** 01-Nov-24

**Saudi Market
Data: As End Of:** 02-Nov-24

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2021 (%)	2022 (%)	2023 (%)
World	DJIM World TR	10,765.16	0.5	16.4	32.5	23.1	4.5	12.8	10.8	19.7	(24.2)	27.0
Developed	DJIDEV TR	6,191.45	0.5	16.4	32.9	23.7	5.4	13.6	11.4	23.0	(24.2)	29.4
Emerging Markets	DJIEMG TR	5,392.50	0.1	16.0	28.5	17.4	(3.4)	5.4	5.0	(4.7)	(24.2)	6.4
Saudi	TASI	12,022.11	0.0	0.5	11.2	2.1	0.8	9.2	1.8	27.9	(6.4)	14.2
NAREIT	All REITS (EM Inc) TR	3,118.67	(0.7)	6.0	26.8	10.4	(2.7)	(0.0)	3.4	23.0	(23.6)	9.8
GSCI	All Commodities	534.80	0.1	(0.2)	(7.0)	(8.7)	(3.4)	5.1	(0.1)	37.1	8.7	(12.2)
Currencies	Euro	1.08	(0.5)	(1.9)	2.5	4.7	(2.3)	(0.6)	(1.4)	(6.9)	(5.8)	3.1
	Yen	153.01	(0.6)	(7.8)	(1.3)	(1.6)	(9.3)	(6.7)	(3.0)	(10.3)	(12.2)	(7.0)
	GBP	1.29	0.2	1.5	6.4	6.1	(1.8)	2.5	1.0	(1.0)	(10.7)	5.4

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