



Market Update – September 2019

Bond yields initially bounced back in September while equities recovered lost ground. Momentum strategies underperformed as investors sold defensives and shifted capital into the reflation trade. However, it was to be short-lived. By mid-month, yields were falling again and equities were trending downwards. Top-line data continues to deteriorate, with manufacturing now in deep recession in many parts of the world. Services sectors across Europe, which have for so long shown admirable resilience, are now also displaying signs of accelerating weakness. Political uncertainty surrounding impeachment proceedings against the US president merely added to the risk-off atmosphere, which has continued into October with sharp falls across markets. While acknowledging that the final quarter of the year often presents opportunities, we favour a cautious approach in the weeks ahead.