Monthly Markets Update

31 October 2025

- Equity markets post strong gains in October
- US tech stocks report better than expected earnings driven by strong demand for cloud computing
- US-China agree on a year long trade truce, removing uncertainty in the near term

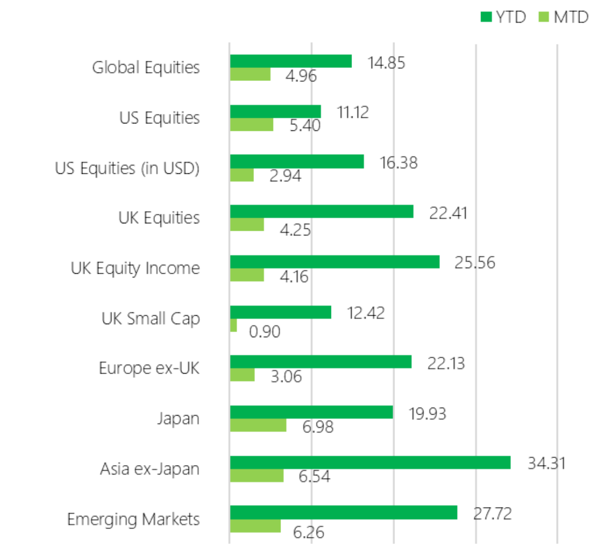
Key points

1. Equity markets posted strong October gains, with global equities rising amid a rally in the US and record highs in the UK and Asia.
2. US tech stocks delivered better-than-expected earnings, driven by cloud computing growth.
3. The US and China agreed a one-year trade truce, postponing further tariffs and export controls, removing short-term uncertainty while structural issues remain unresolved.

Equities

Global Equities closed the month +4.96%. US equities were up +5.40%, UK equities gained +4.25%. Japan and Asia ex-Japan equities were top performers, returning +6.98% and +6.54% MTD respectively all in GBP terms.

Equities performance (GBP) as at 31-Oct-25

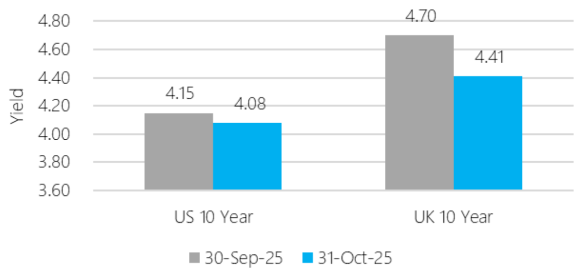


*Elston Indices

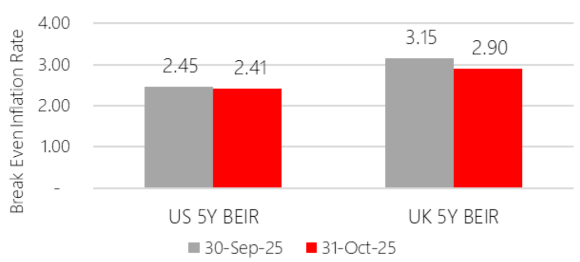
Bonds

UK 10-year Gilt yields decreased from 4.70% to 4.41%. US 10-year Treasury yields decreased from 4.15% to 4.08%. 5Y UK BEIR decreased from 3.15% to 2.90%. Within bonds, EM USD debt and UK Inflation-linked were top performers, returning +4.20% and +3.60% MTD respectively.

US & UK 10Y Govt Bond Yields

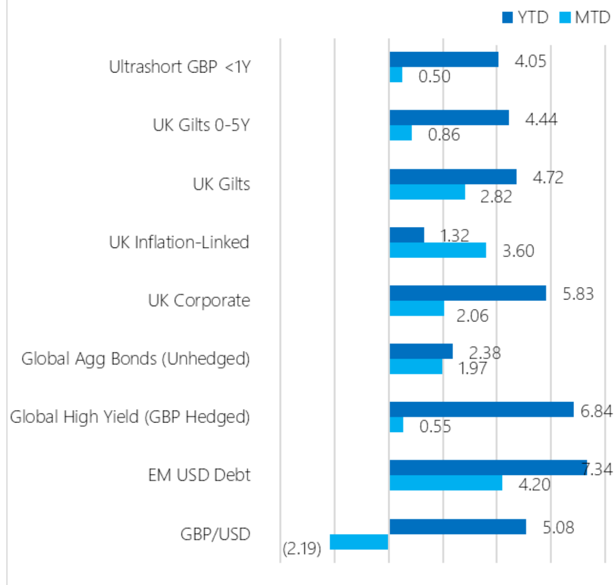


US & UK 5Y Breakeven Inflation Rates



Source: Elston research, Bloomberg data

Bonds performance (GBP) as at 31-Oct-25



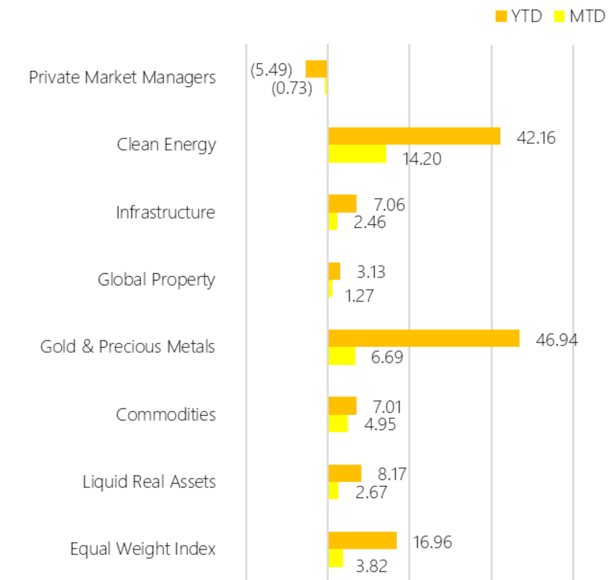
Currency

Sterling weakened against the Dollar (-2.19% MTD). £1 buys $1.3152.

Alternatives

Alternative Assets: Clean Energy gained 14.20% MTD. Gold and Precious Metals rose +6.69% MTD. Commodities were up +4.95%. Private Market Managers decreased -0.73%. Alternative Strategies, an Equal Weight 4-asset index strategy was up +3.82% for the month.

Alternatives performance (GBP) as at 31-Oct-25



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FUTURE PLANNING

Month in review

We summarise key drivers and data points in the last month for markets, the economy and geopolitics.

Markets
EQUITIES
Global Equities
Global equity markets rose by +4.96% in October with all regional equities posting positive returns, supported by strong corporate earnings. Japan equities (+6.98% MTD) reached record high following Bank of Japan (BoJ) leaving interest rates unchanged. Tech and AI names drove the Asia ex-Japan equity returns (+6.54% MTD) this month.

US Equities
US equities posted a sixth consecutive monthly gain, rising +2.94% in USD terms, and +5.40% in GBP terms supported by weaker sterling. The Fed delivered a 25bps interest rate cut, though Jerome Powell's remarks maintained a cautious tone. Corporate earnings were broadly resilient, and geopolitical sentiment improved as the US and China agreed to a one-year trade truce.

UK Equities
UK equities were up +4.25% MTD. The FTSE 100 benefited from a weaker pound, reaching a new high of 9,717.25 by the month end while FTSE 250 was down -1.5% MTD.

BONDS
UK Bonds
Bond markets rallied during the month due to concerns over credit stress in US regional banks and private credit sector. UK 10-year yield declined to 4.41%, and the US 10-year yield declined to 4.08%.

The 5-year UK Break-Even Inflation Rate (BEIR) - a market-based measure of expected inflation - fell from 3.15% to 2.90% by month-end.

Global Bonds
Global Bonds (unhedged) rose +1.97% in GBP term due to strengthening US dollar against Sterling.

ALTERNATIVES
Gold rose to $4,002.92/oz, peaking at $4,356.30/oz during the month before a sharp correction driven by profit taking and renewed dollar strength. Despite the pullback, it still ended the month with a positive return in GBP terms.

CURRENCIES
Sterling continued weakening in October, falling from 1.3446 to 1.3152 against the dollar this month amid rising fiscal concerns and softening labour market.

Economy
Growth
The US GDP data release has been delayed due to US government shutdown.

UK GDP is estimated to have grown +1.5%yy in the three months to August, up from +1.4%yy in 2q25. UK Monthly GDP growth for August is estimated at +1.3%yy, lower than +1.4%yy in July. On a monthly basis, production expanded by 0.4%, service growth was flat, and construction output declined by 0.3% in August.

Inflation
US inflation (CPI) accelerated to +3.0%yy in September from +2.9%yy in August. US Core PCE (the Fed's preferred inflation measure) slowed to +3.0%yy, slightly below the market forecast of 3.1%yy.

UK headline CPI remained at +3.8%yy in September, lower than expectation of 4.0%yy, driven by rising transport costs. Core CPI moderated to 3.5%yy. Service inflation rate remained at 4.7%yy.

Rates
The US Fed delivered its second consecutive rate cut of 25bps as expected. Fed fund rate is now at 4%. The FOMC voting had 2 dissenters with Stephen Miran voting for 50bps cut while Kansas Fed member Jeff Schmid voted to hold rates. During the press conference Chair Powell said there have been differing outlooks from jobs and inflation and the December rate cut is not a foregone conclusion. The Fed also decided to end Quantitative Tightening (QT) from 1 December as excess liquidity is now fully drained from the system.

Geopolitics
US-China: China met with the US at the APEC summit in Busan. Both sides agreed to pause new export controls, ease select tariffs, and reopen military communication channels. China will resume key agricultural imports from the US. The meeting marked a temporary truce, while strategic tensions remain unresolved.

Russia-Ukraine: Ukrainian drones struck Russian oil refineries and ammunition depots across several regions. Russian forces advanced around Donetsk, pressing toward key logistics routes. NATO condemned repeated airspace breaches, including over Lithuania. Moscow denied the incidents and blamed Kyiv for provocations.

Middle East: After a brief pause, Gaza saw renewed attacks by Israel despite the Donald Trump-sponsored 20-point peace plan being signed by Israel and Hamas. The agreement included an immediate cease-fire and partial withdrawal of Israeli forces and anticipated hostages' exchange.

Bottom Line

Global markets extended their rally in October, supported by strong earnings, resilient growth data, and easing inflation pressures. The Fed's rate cut and improved geopolitical sentiment, highlighted by the US-China trade truce, lifted risk appetite across regions. Bond markets strengthened as yields fell on renewed rate-cut expectations, while fiscal concerns in the UK kept sterling under pressure. Gold ended the month higher despite mid-month volatility, reflecting continued demand for diversification amid persistent global uncertainty.

What does this mean for portfolios?

While portfolios should have clear long-run strategic allocation to match a given risk profile, adapting portfolios to align to changing market and economic conditions can help mitigate near- to medium-term risks and help navigate the markets.

Getting in touch

If you would like to find out more or discuss any of the above, please contact your financial adviser.

Disclaimer

Notice

Investments carry risk. The value of your investment (and any income from them) can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

Contact us

For more information, please contact your financial adviser.

NOTICE
For information only. Not a financial promotion or personal recommendation.

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