



MARKETS REMAIN CALM AS POLITICAL TENSIONS RISE

This week we've had to check each morning to make sure that another government hadn't fallen overnight. Last Friday ended with the president of South Korea declaring martial law, only to find that didn't last the weekend. The French government has been on shaky ground for some time and it duly succumbed to opposition parties' objections to its budget. Germany's government remains in place for now, but only because a no-confidence vote is yet to be held. Despite the political turmoil, investors appear little moved as markets remained calm.

Meanwhile, the number of companies listed in London is shrinking as a lack of new listings is compounded by the number of companies being bought. Other companies remain under pressure to cancel dual listings or move primary listings to exchanges seen as providing higher valuations. However, there is some positivity as Shein and French media group Canal+ consider listing in London. In addition, investor sentiment has picked up as net inflows to UK equities funds turned positive. Maybe corporate buyers aren't the only ones seeing good value on offer.

THE MARKETS THIS WEEK

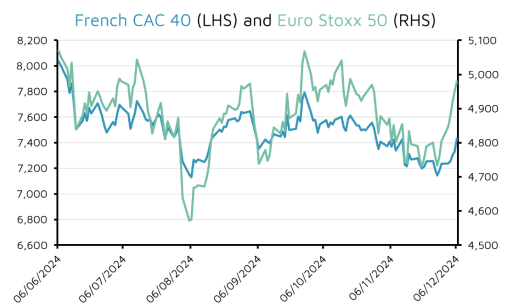
FTSE 100	S&P 500	Nikkei 225	MSCI Europe	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Iron Ore	GBP USD
+0.97%	+1.13%	+2.72%	+2.69%	+2.44%	-0.02%	+0.00%	-1.41%	-1.19%	+4.03%	+0.46%



FRANCE: GOVERNMENT TOPPLED BY NO-CONFIDENCE VOTE

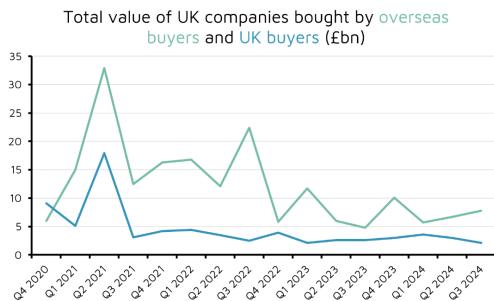
The French government lost a no-confidence vote after prime minister Michel Barnier attempted to avoid a vote on the 2025 budget. Hard left and hard right parties opposed the combination of spending cuts and tax rises that Barnier said was necessary to bring down government borrowing. Barnier resigned after the vote and pressure is now on President Emmanuel Macron to swiftly appoint a successor and try and get the budget approved. However, any successor will face the same problems as Macron's political coalition is a minority in parliament and no election can be held before July 2025.

The no-confidence vote was expected and had little effect on markets. The euro is down against the dollar over the last month, but little changed over the last seven days. French equities gained this week, although they lagged other major European markets. There are signs of some nervousness in bond markets. However, European government bonds have risen this week as the ECB said it is concerned about a further slowdown in growth.



UK: LONDON STOCK EXCHANGE SHRINKS AS INVESTORS TURN POSITIVE

The UK equity market has shrunk at the fastest rate since 2010. Research from Bloomberg shows 45 companies have delisted as many overseas buyers are tempted by the UK's low valuations. So far there have been only 11 IPOs worth a combined £1bn. Chinese online fashion retailer Shein is still considering a UK listing and French TV company Canal+ is also looking at a London listing. Meanwhile, the latest review of the FTSE 100 sees Games Workshop, St James's Place and Alliance Miton promoted as Frasers Group, Vistry and B&M European Value Retail drop out. Retail investors turned positive on the UK as UK equity funds received net investment of £371m in November. This is the first positive month for UK equity inflows in more than three years.



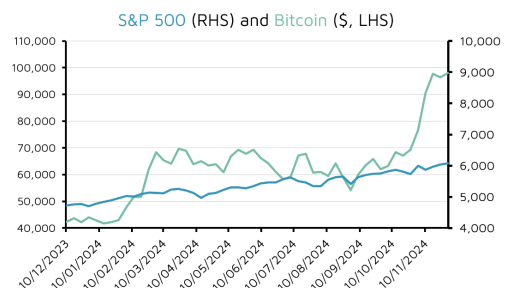
UK gilts initially gained after Bank of England governor Andrew Bailey indicated a more aggressive approach to interest rate cuts. Bailey said there could be four interest rate cuts in 2025 as inflation has returned target faster than expected but yields eased back by Friday.



CRYPTO: BITCOIN PASSES \$100,000 AS MARKETS EXPECT LESS REGULATION

Bitcoin and other cryptocurrencies have surged in value following Donald Trump's re-election as US president. Bitcoin has increased from around \$68,850 to \$102,900 since the election on 5 November, a gain of 49.5%. Many other cryptocurrencies have also soared in value. The top 10 largest cryptocurrencies have gained between 24% and 340% over the same period. Bitcoin was already on course for big annual gains before the election, but the incoming Trump government is expected to be far more supportive of cryptocurrencies. This week Trump nominated Paul Atkins to lead US financial regulator the Securities and Exchange Commission. Atkins is expected to be far more supportive of digital asset markets than Gary Gensler who currently chairs the SEC.

Meanwhile Trump has nominated former aide Pete Navarro as a senior White House Trade advisor. He advised Trump in his first administration and was a keen advocate of an America First trade policy and lobbied for the use of tariffs to shape US/China relations.



Data sourced from Investing.com and Office for National Statistics

This is not a financial promotion and is not intended as a recommendation to buy or sell any particular asset class, security or strategy. All information is correct as at 06/12/2024 unless otherwise stated. Where individuals or FE Investments Ltd have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice. This communication contains information on investments which does not constitute independent research.

Financial Express Investments Ltd, registration number 03110696, is authorised and regulated by the Financial Conduct Authority (FRN 209967). For our full disclaimer please visit <https://www.fefundinfo.com/en-gb/about/legal-and-policies/financial-express-investments-limited-disclaimer/>