MUNRO

Comment

October 2024

Equity market declines despite weaker sterling

October was another month when UK equities dropped slightly in capital terms as news flow was dominated by speculation about budgets and elections. In fundamental terms there was virtually no change in expectations of future dividend income to UK listed equities and that, in the long term, is what underlies returns.

The small drop in UK equity valuations was a little surprising in view of the decline of sterling against the US dollar, which is normally a supportive factor. But it may be that changes in potential growth rates were a more dominant issue.

All but two sectors, Energy and Financials, fell during the month. The largest drop was in Real Estate closely followed by Health Care, Information Technology and Utilities. For the year-to-date Financials lead the field by a wide margin although Communication Services, Consumer Staples and Industrials are still up in double digits.

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