Purple Patch

OCTOBER 2025

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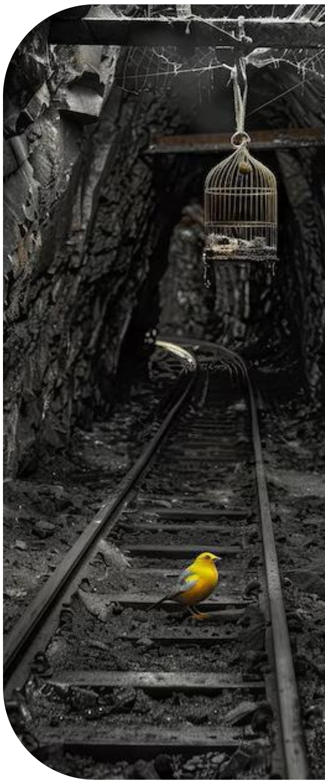
In the news: The sick man of Europe



The French political merry-go-round saw Sébastien Lecornu appointed Prime Minister to negotiate cross party support for fiscal reform, only to lose his budget vote and resign, all within 26 days. He was then reappointed and survived two no confidence votes. Meanwhile S&P downgraded France's sovereign credit rating, citing political issues and fiscal concerns.

The game of chicken between the US and China continued, with both sides testing each other on tariffs and export restrictions. A partial truce was eventually reached between Presidents Trump and Xi following talks in South Korea. The deal included the US reducing tariffs in exchange for China exporting more rare earth elements and buying US agricultural goods.

The Fed cut US rates, although signalled fewer future cuts than markets had been expecting. Combined with the US-China games and strong tech earnings, equity markets were volatile but strong over the month. Notably Nvidia became the first company to reach a $5tr valuation!

Meanwhile an advertisement run in the US by the Government of Ontario, which used a Ronald Reagan speech from 1987 to rail against tariffs, caused President Trump to suspend all trade talks with Canada and threaten more tariffs.

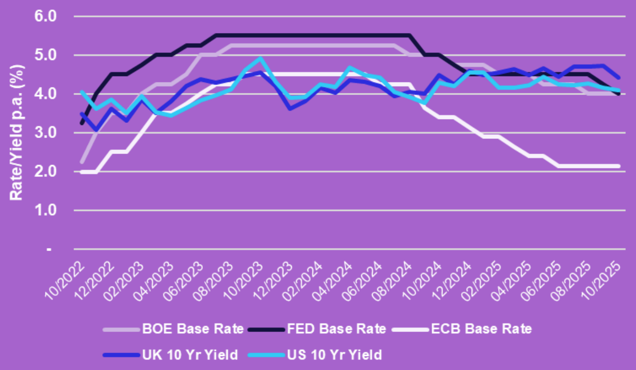
A little under the radar were the failure of two US auto loan companies. Jamie Dimon of JP Morgan warned there may be more "cockroaches" emerging in this sector, raising questions over whether these are early warning signs of wider credit issues, especially in private markets where underwriting standards are less transparent.

In Washington, the US federal shutdown entered its second month, now the second longest, behind 2018, with an estimated hit of 1-2% of GDP in the fourth quarter if it continues.

Finally, the US financial support of Argentine president Javier Milei paid off as he won the midterm elections, giving him room for his aggressive reform programme.

Market Stats

Bond Yields and Rates



Equities, Gold and Oil

Source: Investing.com, global-rates.com, FTSE 100 and S&P 500 are price indices

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Sports news (because it is not all about work)

Rugby League: In the first Ashes match in 22 years Australia beat England 26-6 at Wembley Stadium, and the won the series with a narrow win a week later.

Rugby Union: South Africa won a closely contested Rugby Championship ahead of New Zealand on points difference.

Baseball: the Los Angeles Dodgers won the World Series, beating the Toronto Blue Jays.

Darts: Luke Littler beat Luke Humphries in Leicester to win the World Grand Prix.

A good news story (or two!)

A Chinese university has developed a process for turning cellulose from bamboo into a rigid but biodegradable plastic. In tests, it has outperformed plastic for strength and rigidity under heat exposure.

Although the plastic is not flexible, it could still replace a large amount of hard to recycle plastic products.

Bamboo also grows quickly, making it a highly renewable source with enough left for the pandas.

And finally, I hope you all saw our big announcement last month – that David Clare has joined Purple Daffodil as our Strategic Business Adviser. We are very excited and proud to have David and his vast experience as part of our team.

Quote for the Month

"I have tried to lift France out of the mud. But she will return to her errors and vomitings. I cannot prevent the French from being French."

Charles de Gaulle

Stat of the Month

34.3%

Share of renewables in global electricity generation – more than coal, at 33.1%, for the first time.

World Economic Forum