

Chief Investment Office

Weekly Market Commentary

For professional advisers only



In Summary

- Global financial markets benefitted from increased optimism that the Federal Reserve would soon embark on interest rate cuts
- The Thanksgiving holding will shorten the week for US data releases with the US unemployment claims released a day early
- The UK autumn statement will be closely watched for any tax cut announcements

Last week was dominated by the impact of the downside miss to US Consumer Price Index (CPI), with investors increasingly confident that the Fed was done with interest rate hikes and would soon consider cuts. This positivity ebbed and flowed however with some days seeing rallies and sell-offs in bond yields. This week will be truncated by the Thanksgiving holiday which means most of the market's liquidity will be front end loaded into the first three days.

With the Thanksgiving holiday on Thursday, the weekly initial jobless claims will be brought forward to Wednesday. In the absence of the monthly US employment report and US CPI report, this high frequency dataset is having a disproportionate impact on markets compared to history. The initial jobless claims have been slowly edging higher over the last few weeks with economists expecting the number of claims to continue to increase. Bad news for the jobs market flows through to lower consumption which is expected to ease demand side inflation, good news for financial markets. Alongside the jobless claims we will see the latest Federal Open Markets Committee (FOMC) minutes release as well as US existing home sales. Over in Europe, the European Central Bank (ECB) minutes will also be a focus for markets alongside global flash Purchasing Managers' Index (PMI), the Dutch General Election and UK autumn

statement. On the latter, the UK chancellor may unveil some targeted tax cuts after the government's finances have been improved however no-one is expecting a day to rival last year's mini-budget.

Sentiment has improved towards Chinese equities over the last week after the Xi/Biden summit went well. Overnight we have seen further gains in Hong Kong listed stocks with the property sector buoyed by suggestions of further stimulus for the sector from Chinese regulators. The People's Bank of China did not change its loan prime rate (the reference rate for most household and corporate loans) nor the 5-year benchmark rate (used for mortgages), however both of these remain very low compared to historical levels.

The US equity and bond market has led the way over the past few months but this week the baton will likely be handed over to the rest of the world due to the US holiday week. The UK autumn statement will be of particular interest to UK investors, not only due to the contents of the speech but also what the level of fiscal headroom implies around policy changes at next year's spring budget.

Economic indicators (week beginning 13 November 2023)

Day	Data Release	Consensus	Prior	Actual
Monday	Australia Westpac Consumer Conf SA MoM Nov	--	2.9%	-2.6%
Tuesday	United States CPI MoM Oct	0.1%	0.4%	0.0%
	Japan GDP SA QoQ 3Q P	-0.1%	1.2%	-0.5%
	Germany ZEW Survey Expectations Nov	5.0	-1.1	9.8
	Japan GDP Annualized SA QoQ 3Q P	-0.4%	4.8%	-2.1%
	United States CPI YoY Oct	3.3%	3.7%	3.2%
	Germany ZEW Survey Current Situation Nov	-77.0	-79.9	-79.8
	Japan GDP Deflator YoY 3Q P	4.8%	3.5%	5.1%
	United Kingdom Claimant Count Rate Oct	--	4.0%	4.0%
Wednesday	Japan Industrial Production MoM Sep F	--	0.2%	0.5%
	United Kingdom CPI YoY Oct	4.7%	6.7%	4.6%
	United Kingdom CPI MoM Oct	0.1%	0.5%	0.0%
	Italy CPI EU Harmonized YoY Oct F	1.9%	1.9%	1.8%
	France CPI YoY Oct F	4.0%	4.0%	4.0%
	United States Retail Sales Advance MoM Oct	-0.3%	0.7%	-0.1%
	United Kingdom CPI Core YoY Oct	5.8%	6.1%	5.7%
	China Industrial Production YoY Oct	4.5%	4.5%	4.6%
	United States PPI Final Demand MoM Oct	0.1%	0.5%	-0.5%
	China Retail Sales YoY Oct	7.0%	5.5%	7.6%
	United States Empire Manufacturing Nov	-3.0	-4.6	9.1
Thursday	United States Initial Jobless Claims 40848	220k	217k	231k
	Australia Unemployment Rate Oct	3.7%	3.6%	3.7%
	Australia Employment Change Oct	24.0k	6.7k	55.0k
	United States Industrial Production MoM Oct	-0.3%	0.3%	-0.6%
	Australia Participation Rate Oct	66.8%	66.7%	67.0%
	Canada Housing Starts Oct	256.0k	270.5k	274.7k
Friday	Japan Core Machine Orders MoM Sep	0.9%	-0.5%	1.4%
	United Kingdom Jobless Claims Change Oct	--	20.4k	17.8k
	United States MBA Mortgage Applications 40483	--	2.5%	2.8%
	United States Housing Starts Oct	1349k	1358k	1372k
	Japan Tertiary Industry Index MoM Sep	-0.1%	-0.1%	-1.0%
	China Money Supply M2 YoY Oct	10.3%	10.3%	10.3%
	United Kingdom Retail Sales Inc Auto Fuel MoM Oct	0.5%	-0.9%	-0.3%
	United Kingdom Retail Sales Inc Auto Fuel YoY Oct	-1.6%	-1.0%	-2.7%

Source: Bloomberg, data accessed 20 November 2023.



Economic indicators (week beginning 20 November 2023)

Day	Data Release	Consensus	Prior
Tuesday	Canada CPI YoY Oct	3.1%	3.8%
	Canada CPI NSA MoM Oct	0.1%	-0.1%
	United States Existing Home Sales Oct	3.90m	3.96m
Wednesday	United States Initial Jobless Claims 43405	225k	231k
	United States U. of Mich. Sentiment Nov F	61.0	60.4
	United States Durable Goods Orders Oct P	-3.2%	4.6%
	United States MBA Mortgage Applications 43040	--	2.8%
Thursday	France HCOB France Manufacturing PMI Nov P	43.3	42.8
	France HCOB France Services PMI Nov P	45.6	45.2
	Germany HCOB Germany Manufacturing PMI Nov P	41.2	40.8
	United Kingdom S&P Global/CIPS UK Manufacturing PMI Nov P	45.0	44.8
	Japan Natl CPI YoY Oct	3.4%	3.0%
	France HCOB France Composite PMI Nov P	44.9	44.6
Friday	Australia Westpac Leading Index MoM Oct	--	0.1%

Source: Bloomberg, data accessed 20 November 2023.



Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2151	1.83%	2.02%	0.33%	4.25%
MSCI USA USD	4296	2.31%	2.37%	18.01%	19.20%
MSCI Europe ex UK EUR	182	3.01%	3.03%	9.14%	11.58%
MSCI AC Asia ex JPN USD	501	2.84%	2.93%	-1.02%	1.42%
MSCI Japan JPY	1470	2.66%	2.67%	27.79%	30.35%
MSCI Emerging Markets USD	977	2.97%	2.99%	2.11%	4.47%
Barclays Sterling Gilts GBP	223		2.00%		-1.30%
GOLD USD	1981	2.09%		8.60%	
WTI Oil USD	76	-1.66%		-5.44%	
MSCI PIMFA Income		1.29%	1.35%	3.18%	5.40%
MSCI PIMFA Balanced		1.28%	1.35%	4.21%	6.39%
MSCI PIMFA Growth		1.19%	1.26%	5.63%	7.77%

Source: Bloomberg, MSCI; please see important information, data accessed 20 November 2023.

YTD denotes year to date, TR denotes total return and CR denotes capital return.



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