

Chief Investment Office

Weekly Market Commentary

For professional advisers only



In Summary

- Last week was quiet within equities however bond markets remained volatile
- The economic data highlight of this week is likely to be the US personal income and spending report on Thursday
- Central banks remain in focus as investors weigh up the chances of a US interest rate cut in H1 2024

Last week was largely quiet for equity markets with the Thanksgiving holiday causing the latter part of the week to see light trading volumes and fewer major data releases. On the back of this calm, both US and European equities rose c. 1%. There was more volatility within the bond market however as investors grew more sceptical over the chances of imminent central bank rate cuts.

After receiving little meaningful US data last week, this week will see a series of important economic growth and inflation barometers. The US market's focus will be on the personal income and spending data, released on Thursday, the release includes the core PCE calculation of inflation which remains the Fed's preferred measure. The ISM Manufacturing survey, and US auto sales, will be closely watched on Friday to see if the recovery in the US manufacturing sector has maintained momentum. Over in Europe, the preliminary CPI reports will be released in the second half of the week as well as key labour market data and the final results of the latest European manufacturing PMI surveys. Lastly, China will see the release of their November PMIs as well as the Caixan manufacturing reading.

US and European bond markets were under pressure last week as investors pushed back their expectations for interest rate cuts. This week sees a series of major central bank speakers and markets will be particularly interested to hear how they interpret the impact of the November fall in bond yields. ECB President Lagarde speaks today, Bank of England Governor Bailey speaks on Wednesday then Fed Chair Powell speaks on Friday. Recent data, such as the US flash PMIs on Friday, suggest that the US economy still has plenty of momentum and the bond market has downgraded the chance of a US rate cut by May from around a three-quarter probability to a 50:50 call.

While equity markets have been relatively quiet in the last week, the rapid movements in bond yields have had an impact on market leadership. Should investors conclude that H1 2024 US interest rate cuts are very unlikely, bond yields could continue to rise, reversing their moves lower earlier in November, this in turn could cause value equities to outperform yet again. With great uncertainty over the path of inflation, growth and interest rates, we continue to advocate balance between value and growth equities.



Economic indicators (week beginning 20 November 2023)

Day	Data Release	Consensus	Prior	Actual
Tuesday	Canada CPI YoY Oct	3.1%	3.8%	3.1%
	Canada CPI NSA MoM Oct	0.1%	-0.1%	0.1%
	United States Existing Home Sales Oct	3.90m	3.96m	3.79m
Wednesday	United States Initial Jobless Claims 43405	225k	231k	209k
	United States U. of Mich. Sentiment Nov F	61.0	60.4	61.3
	United States Durable Goods Orders Oct P	-3.2%	4.6%	-5.4%
	United States MBA Mortgage Applications 43040	--	2.8%	3.0%
Thursday	France HCOB France Manufacturing PMI Nov P	43.3	42.8	42.6
	France HCOB France Services PMI Nov P	45.6	45.2	45.3
	Germany HCOB Germany Manufacturing PMI Nov P	41.2	40.8	42.3
	United Kingdom S&P Global/CIPS UK Manufacturing PMI Nov P	45.0	44.8	46.7%
	Japan Natl CPI YoY Oct	3.4%	3.0%	3.3%
	France HCOB France Composite PMI Nov P	44.9	44.6	44.5
Friday	Australia Westpac Leading Index MoM Oct	--	0.1%	0.0%

Source: Bloomberg, data accessed 27 November 2023.

Economic indicators (week beginning 27 November 2023)

Day	Data Release	Consensus	Prior
Monday	United States New Home Sales Oct	723k	759k
Tuesday	United States Conf. Board Consumer Confidence Nov	101.0	102.6
	Australia Retail Sales MoM Oct	0.1%	0.9%
Wednesday	Japan Industrial Production MoM Oct P	0.8%	0.5%
	Italy Manufacturing Confidence Nov	96.0	96.0
	United States GDP Annualized QoQ 3Q S	5.0%	4.9%
	Germany CPI YoY Nov P	3.5%	3.8%
	Germany CPI MoM Nov P	-0.1%	0.0%
	United States MBA Mortgage Applications 45597	--	3.0%
	Italy Consumer Confidence Index Nov	102.0	101.6
	United Kingdom Mortgage Approvals Oct	45.8k	43.3k
	United States Wholesale Inventories MoM Oct P	--	0.2%
Thursday	United States Initial Jobless Claims 45962	220k	209k
	Japan Jobless Rate Oct	2.6%	2.6%
	Italy CPI EU Harmonized YoY Nov P	1.1%	1.8%
	France CPI YoY Nov P	3.7%	4.0%
	China Manufacturing PMI Nov	49.8	49.5
	Italy CPI EU Harmonized MoM Nov P	-0.1%	0.2%
	Japan Job-To-Applclicant Ratio Oct	129.0%	129.0%
	Canada Quarterly GDP Annualized 3Q	0.1%	-0.2%
	United States Personal Income Oct	0.2%	0.3%
	United States Personal Spending Oct	0.2%	0.7%
	Japan Capital Spending YoY 3Q	3.4%	4.5%
	Germany Unemployment Change (000's) Nov	20.0k	30.0k
	Canada GDP MoM Sep	0.0%	0.0%
	France GDP QoQ 3Q F	0.10%	0.10%
	United States MNI Chicago PMI Nov	46.0	44.0
Friday	France HCOB France Manufacturing PMI Nov F	42.6	42.6
	United States ISM Manufacturing Nov	47.7	46.7
	Canada Unemployment Rate Nov	5.8%	5.7%
	China Caixin China PMI Mfg Nov	49.5	49.5
	Japan Jibun Bank Japan PMI Mfg Nov F	--	48.1
	Italy HCOB Italy Manufacturing PMI Nov	45.1	44.9
	Germany HCOB Germany Manufacturing PMI Nov F	42.3	42.3
	United Kingdom S&P Global/CIPS UK Manufacturing PMI Nov F	46.7	46.7
	Canada S&P Global Canada Manufacturing PMI Nov	--	48.6
	United States S&P Global US Manufacturing PMI Nov F	--	49.4
	Australia Building Approvals MoM Oct	1.4%	-4.6%
	United Kingdom Nationwide House PX MoM Nov	-0.4%	0.9%
	United Kingdom Nationwide House Px NSA YoY Nov	-2.3%	-3.3%
	Canada Net Change in Employment Nov	15.0k	17.5k
	Italy GDP WDA QoQ 3Q F	0.0%	0.0%
	Italy GDP WDA YoY 3Q F	0.0%	0.0%

Source: Bloomberg, data accessed 27 November 2023.



Asset market performance

Index	Value	As at Friday close		YTD	
		CR	TR	CR	TR
MSCI UK GBP	2148	-0.15%	-0.03%	0.18%	4.22%
MSCI USA USD	4340	1.02%	1.04%	19.21%	20.44%
MSCI Europe ex UK EUR	184	0.97%	1.01%	10.19%	12.71%
MSCI AC Asia ex JPN USD	503	0.59%	0.60%	-0.44%	2.03%
MSCI Japan JPY	1469	-0.10%	-0.10%	27.65%	30.21%
MSCI Emerging Markets USD	980	0.39%	0.47%	2.50%	4.96%
Barclays Sterling Gilts GBP	219		-1.68%		-2.96%
GOLD USD	2001	1.01%		9.69%	
WTI Oil USD	76	-0.46%		-5.88%	
MSCI PIMFA Income		-0.64%	-0.58%	2.52%	4.79%
MSCI PIMFA Balanced		-0.58%	-0.53%	3.60%	5.83%
MSCI PIMFA Growth		-0.45%	-0.40%	5.15%	7.34%

Source: Bloomberg, MSCI; please see important information, data accessed 27 November 2023.

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



Important information

The information in this document does not constitute advice or a recommendation and investment decisions should not be made on the basis of it. This document is for the information of the recipient only and should not be reproduced, copied or made available to others. The price of investments and the income from them may go down as well as up and neither is guaranteed. Investors may not get back the capital they invested. Past performance is not a reliable indicator of future results.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

Brooks Macdonald is a trading name of Brooks Macdonald Group plc used by various companies in the Brooks Macdonald group of companies. Brooks Macdonald Asset Management Limited is regulated by the Financial Conduct Authority. Registered in England No 03417519. Registered office: 21 Lombard Street, London EC3V 9AH.

Brooks Macdonald International is a trading name of Brooks Macdonald Asset Management (International) Limited. Brooks Macdonald Asset Management (International) Limited is licensed and regulated by the Jersey Financial Services Commission. Its Guernsey branch is licensed and regulated by the Guernsey Financial Services Commission and its Isle of Man branch is licensed and regulated by the Isle of Man Financial Services Authority. In respect of services provided in the Republic of South Africa, Brooks Macdonald Asset Management (International) Limited is an authorised Financial Services Provider regulated by the South African Financial Sector Conduct Authority. Registered in Jersey No: 143275. Registered office: Third Floor, No.1 Grenville Street, St Helier, Jersey, JE2 4UF.

More information about the Brooks Macdonald Group can be found at www.brooksmacdonald.com.



BROOKS MACDONALD