

Current Update

November 2019



Market Commentary

Global equity markets were broadly higher in November, with the exception of emerging markets, which struggled with a stronger US dollar. Government bonds yields rose (meaning prices fell).

US equities rose on hopes of a preliminary US and China trade deal. This was despite an indignant Chinese response to President Trump's support of protests in Hong Kong SAR late in the month. The response served as a reminder to investors that relations remain strained. US economic data was broadly positive and helped support investor sentiment. IT stocks performed well while less economically sensitive sectors – like utilities and real estate – were weaker.

Eurozone equities also rose, supported by some improving data from the manufacturing sector. Christine Lagarde took over as president of the European Central Bank. In her first major speech she urged governments to boost public investment in order to increase domestic demand in Europe's economy.

In the UK, international considerations largely took a back seat over November as domestically-focused areas of the market performed very well and sterling extended its recent recovery. Latest GDP figures confirmed the UK economy had avoided entering a technical recession in the third quarter after contracting in the previous quarter. Real GDP growth was 0.3% quarter-on-quarter, although this did disappoint consensus expectations of 0.4% growth. Overall, the data suggests that the economy is coping with the uncertainty from Brexit. Households continue to spend, though businesses remain cautious.

Japanese shares ended higher and the yen weakened slightly against major currencies across the month. The most recent quarterly reporting season for Japanese companies ended in November and was generally in line with expectations. The overall impression from the numbers is that we may be close to the end of the recent cyclical slowdown in earnings.

Emerging market equities fell. A number of markets sensitive to US dollar strength lagged, most notably in Latin America.

Bond markets reflected the better mood as government bond yields rose (i.e. prices fell) and corporate bonds outperformed. The UK 10-year yield increased 7bps to 0.70%. Sterling was over 1% higher against the euro, but unchanged against a broadly stronger US dollar. Sentiment toward the UK is improving on growing expectations of a clear victory for the incumbent Conservative party in the general election.

Commodities rose generally but Gold and other precious metals fell.

10 Key Events to Watch:

UK		Previous	Forecast
Tuesday, Dec 10, 2019	Manufacturing Production (MoM)	-0.4%	-0.2%
Tuesday, Dec 17, 2019	Unemployment Rate (Oct)	3.8%	3.9%
Wednesday, Dec 18, 2019	CPI (YoY)	1.5%	1.6%
Thursday, Dec 19, 2019	BoE Interest Rate Decision	0.75%	0.75%
Friday, Dec 20, 2019	GDP (YoY)	1.0%	1.2%
GLOBAL			
Monday, Dec 09, 2019	Japan GDP (QoQ)	0.1%	-
Tuesday, Dec 10, 2019	China CPI (YoY)	3.8%	-
Thursday, Dec 12, 2019	US Fed Interest Rate Decision	1.75%	-
Wednesday, Dec 18, 2019	Euro Zone CPI (YoY)	1.5%	1.6%
Friday, Dec 20, 2019	US GDP (QoQ) (Q3)	0.3%	-0.2%

Key Recent Announcements

US ISM MANUFACTURING PMI (Oct):

Survey results shows down trend to 48.3 in Oct 2019 from 47.8 as compared to previous month, against market expectations of 48.9.

UK MANUFACTURING PMI (Oct):

Manufacturing PMI stood at 49.6 as compared to 48.3 from the previous month.

UK INFLATION RATE YoY (OCT):-

The rate of inflation across the UK stood at 1.5 percent in Oct 2019, compared to 1.70 percent the previous market expectations of 1.6 percent.

US GDP (QOQ) (Q3):-

The US GDP stood at 2.1 percent in Q3 as compared to 2 percent from the previous quarter.

UK	29-Nov-19	31-Dec-18
FTSE 100	7346	6,728
FTSE 100 % Change	9.19%	
BoE Interest Rate	0.75%	0.75%
CPI	1.50%	2.30%
Govt, 10YR Yield	0.70%	1.15%
FTSE 350	4122	3,772

Currency	29-Nov-19	31-Dec-18
GBP/USD	1.29	1.28
GBP/EURO	1.16	0.90

Commodity (\$)	29-Nov-19	31-Dec-18
Gold	1472	1,283.0
Silver	17.11	15.44
Brent Crude Oil	62.43	54.16

Govt 10YR Bond	29-Nov-19	31-Dec-18
US	1.78	2.68
Japan (JGB)	-0.08	0.00
Germany (Bund)	-0.36	0.24

Global Markets	29-Nov-19	31-Dec-18
Dow Jones	28,051	23,327
Dax	13,236	10,558
CAC	5,905	4,730
Nikkei 225	23,293	20,014
Shanghai	2,871	2,493
Sensex	40,793	36,068
Nifty 50	12,056	10,862

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