

# Current Update

November 2023

## Market Talking Points

- INFLATION:** Rate remained at 3.7% in the US and 6.7% in the UK but rose to 4.5% (from 4.3%) in the EU. With the CPI no longer falling attention has turned to the Core Inflation rates which are 4.1% in the US, 4.2% in the EU and 6.1% in the UK.
- CENTRAL BANK RATES:** In October interest rates were kept the same in the US (5.50%) and the UK (5.25%) they rose in the EU (4.5%) but appear to have peaked almost everywhere. That said all major Central Banks maintained a hawkish outlook and appear unlikely to cut rates anytime soon.
- BENCHMARK RATES:** Longer term bond yields again hit post financial crisis records in UK, EU and US as expectations of Central Bank maintain rates until 2025. The UK 30Y rate rose above the level that triggered BoE intervention last year.
- ECONOMIC GROWTH:** Annual Growth rates remained remarkably positive at the end of Q3 for the US (4.9%). More modest but still positive growth was seen in the UK (0.6%) and EU (0.5%). This expected to slow but a 'soft' landing with the avoidance of significant recession is the current market expectation.
- GAZA:** The risk of the reaction to the Hamas terrorist attack in Israel spreading across the region as civilian casualties rise seems real. The potential for a second front opening on the border of Lebanon, courtesy of the Iran backed Hezbollah, appears contained but could escalate quickly.

## Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.5%	3.0%	5.0%	2.3%	2.8%	-0.11	0.5%
High Grade Bond and Income	-0.6%	-3.9%	-4.6%	-1.2%	3.6%	0.28	6.3%
Low Risk Absolute Return	0.2%	4.8%	2.0%	3.5%	3.6%	0.20	6.2%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	-2.5%	-0.7%	-0.1%	7.3%	8.6%	1.00	11.6%
Corporate, High Yield and Credit	-1.3%	-0.2%	1.9%	2.4%	6.3%	0.81	9.3%
Emerging Market Equity	-2.9%	0.7%	-4.0%	4.0%	8.9%	0.78	13.0%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	2.1%	6.1%	-3.5%	8.8%	4.0%	0.35	11.6%
Medium Volatility Absolute Return	0.0%	5.1%	-0.4%	4.9%	4.1%	0.29	8.1%
Themes, Macro and Trend	0.3%	7.4%	-0.3%	8.5%	6.8%	0.22	10.6%
Real Estate	-2.3%	-4.4%	-8.3%	1.4%	6.2%	0.73	9.5%

\*Annualised returns above 1 year, as of 30/11/2023

## Current Portfolio Relative Risk Level

- In November 1st the Risk Committee increased the Tactical Risk Level to underweight Level 3, out of 7, with a modest Enhancer asset underweight and valuation bias.
- Within Anchors short duration bonds and cash offer an attractive nominal yield. Within Enhancers recent concentrated technology stock gains appear unsustainable given prevailing uncertainty and persistent inflation.
- With interest rates remaining high the effect on equity prices has been negative since highs were reached in July. This has improved the valuation of many sectors and allows for an increased, yet still underweight, risk exposure
- Enhancer assets are primarily equity assets with a small percentage of credit
- Risk level 4 is the Neutral or Strategic asset allocation when valuations and risk are considered by the Risk Committee to be in equilibrium.
- Lower risk levels (below 4) indicate that Enhancer valuations are relatively unattractive given to prevailing macro risks. Higher risk levels indicate they are relatively attractive.

## Key Future Announcements

UK		Previous	Forecast
Tuesday Dec 12 2023	Unemployment Rate OCT	4.20%	4.30%
Wednesday Dec 13 2023	GDP MoM OCT	0.20%	0.00%
Thursday Dec 14 2023	BoE Interest Rate Decision	5.25%	5.25%
Wednesday Dec 20 2023	Inflation Rate YoY NOV	4.60%	4.00%
Friday Dec 22 2023	Retail Sales MoM NOV	-0.30%	0.60%
GLOBAL			
Friday Dec 08 2023	RBI Interest Rate Decision	6.50%	6.50%
Friday Dec 08 2023	Michigan Consumer Sentiment Prel DEC	61.3	61.4
Saturday Dec 09 2023	China Inflation Rate YoY NOV	-0.20%	-0.30%
Tuesday Dec 12 2023	German ZEW Economic Sentiment DEC	9.8	15
Thursday Dec 14 2023	Fed Interest Rate Decision	5.50%	5.50%



UK	30-Nov-23	31-Dec-22
FTSE 100	7,453	7,451
FTSE 100 % YTD	0.03%	-
BoE Interest Rate	5.25%	3.50%
CPI	4.60%	10.70%
Govt, 10YR Yield	4.17%	3.67%
FTSE 350	4,095	4,113

Currency	30-Nov-23	31-Dec-22
GBP/USD	1.26	1.21
GBP/EURO	1.16	1.13
EUR/USD	1.08	1.07

Commodity (\$)	30-Nov-23	31-Dec-22
Gold	2,057	1,830
Silver	25.66	24.18
Brent Crude Oil	75.96	80.51

Govt 10YR Bond	30-Nov-23	31-Dec-22
US	4.33	3.88
Japan (JGB)	0.67	0.42
Germany (Bund)	2.45	2.57
Italy (BTP)	4.22	4.69

Global Markets	30-Nov-23	31-Dec-22
Dow Jones	35,950	33,147
S&P 500	4,567	3,839
Nasdaq 100	14,226	10,466
Dax	16,215	13,923
CAC	7,310	6,473
Nikkei 225	33,486	26,094
Shanghai	3,029	3,089
Sensex	66,988	60,840
Nifty 50	20,133	18,105

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