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NOVEMBER 2023 – MONTHLY MARKET REVIEW

Market Performance%	NOV 23	YTD*
S&P500	+9.13%	+20.79%
NASDAQ	+10.84%	+37.00%
DAX	+9.49%	+16.46%
Nikkei	+8.52%	+30.85%
Hang Seng	-0.16%	-10.61%
MSCI EM	+7.86%	+6.01%

**Local Returns-to-date calculated as of month end*

Macro Developments

United States: Fed delay and avoided government shutdown.

October saw a slowdown in US economic activity, with industrial production falling by 0.6% and core retail sales growing by only 0.1%. Despite the highly monitored new orders indicator rising to 48.3 points in November, the ISM Manufacturing PMI remained stable at 46.7 points. The core rate remained at 4%, while the total rate fell to 3.2% in October's inflation figures, exceeding forecasts. The FED kept the target range at 5.25–5.50%, although Powell was cautious not to rule out more rate rises. Funding was restored until at least mid-January, averting a government shutdown, but Moody's downgraded the US credit rating outlook to "negative."

Europe: inflation declines; attention on politics.

Contrary to predictions of recession, the British economy remained stagnant in the 3Q. The 4Q momentum was uneven, and in October, UK retail sales unexpectedly dropped once again. Both the UK (50.1) and the eurozone (47.1) saw improvements in November in the timelier Composite PMIs, with the latter going back to growth territory. The UK's general inflation rate fell to 4.6% in October because of Ofgem's removal of the energy price restrictions. Meanwhile, general and core inflation in the Eurozone continued to plummet in November, hitting 2.4% and 3.6%, respectively. The interest rate of the BoE was maintained at 5.25% once more. In the political sphere, the Catalan amnesty accord kept Pedro Sánchez as PM of Spain, while the far-right PVV emerged as the winner of the Dutch elections.

Rest of the world: Japan's fiscal assistance; slight deflation (again); and China's revival

For the third month running, China's hard statistics exceeded forecasts: retail sales jumped 7.6% YoY in October, while industrial production increased by 4.6%. The NBS Manufacturing PMI fell to 49.4, while non-manufacturing activity stayed in expansive zone at 50.2. As the real estate industry continued to hinder output, Beijing deliberated on a proposal to let banks to provide first-time unsecured loans to real estate developers. A decrease in food costs caused the overall inflation rate to enter deflationary zone (-0.2% YoY). Japan´s PM unveiled a stimulus plan that included short-term tax breaks, monetary support for low-income families, and subsidies for energy.

Market Impact

Worldwide government bonds increased by 3.0% while global equities recovered by 9.2. The world's stock markets had their strongest month in three years, making up nearly all the summer's losses in a broad rebound that was led by cyclical industries. Conversely, bond rates saw a dramatic drop: the US ten-year bond's yield dropped by 60 bps, which was the greatest monthly performance in more than a decade. In terms of commodities, gold continued to trade over $2,000 while Brent crude dropped for the second straight month, reaching $82.83 per barrel despite further OPEC+ output curbs.

Our Expectations

The S&P500 surged by 20.8% YTD, however we anticipate a significant slowdown in US economic growth in the coming quarters. Despite these predictions, traders anticipate the market to sustain its positive momentum in December, historically one of the strongest months for the S&P500.

This Economic Outlook report was prepared by the Aris PrimePartners Asset Management Investment team.

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