

Market Monthly

November 2023

Highlights

- Economics** The economy has gathered strength during November, expanding the Q3 at an annualized rate of 5.2%, fastest pace since 2014. The focus in the USA in Nov was on monetary policy. The US investments slowed down from 5.8% to 4% as a direct result of president's Joe Biden's economic policies. The US GDP was 5.2% (2.1% in Oct) while Eurozone GDP was down 0.1% (0.2% in Oct). The headline seasonally adjusted PMI posted 48.0 in Nov (47.0 in Oct). The PMI manufacturing (US) was 46.7, same as the month before. PMI services (US) was 52.7 (51.8 in Oct). PMI manufacturing (EU) was 44.2 (43.1 in Oct) while PMI services (EU) amount 48.7 (47.8 in Oct). Despite the strong economic growth and inflation running above target, markets are pricing in around 150 bsp of cuts next year by the FED, starting in March. The US unemployment rate has held below 4% (3.9% in Nov vs 3.8% in Oct) for 21 straight months, the longest stretch since 1960s. Europe indicates that unemployment rate was 6.5%, same rate as Oct.
- Inflation:** The US inflation rate was 2.4% (2.6% in Oct) while the Euro area inflation fell from 2.9% to 2.4% in Nov.
- Central bank interest rates:** The US rates has been increased from almost nothing to 5.50% during 2023. The debate has now shifted to how long it will remain in its current 5.25%-5.50%. Federal Reserve kept rates unchanged while ECB kept its key rate at 4% - noting that latest data continued to point to inflation slowly coming down to its 2% target.
- Capital market rates:** Long bond yields dropped almost 80 bsp in Nov, breaking a string of significant yield increases that began in late summer. The benchmark 10-year U.S. Treasury yield breached the key 5% level for the first time since 2007.

Tactical Asset Allocation

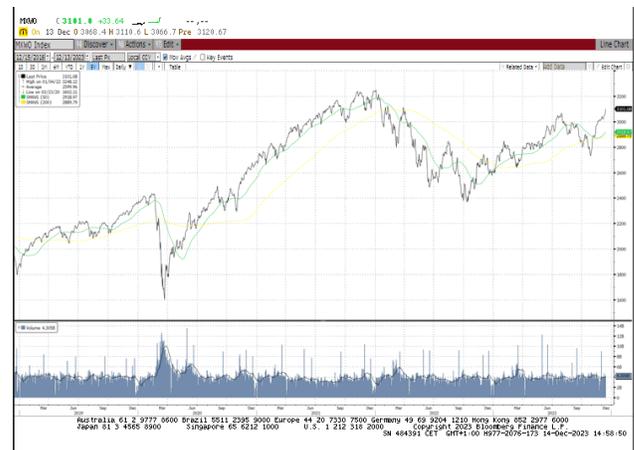
- Forex:** The dollar (USD) index fell 3% in Nov, its steepest monthly decline in a year. The USD was 103.59 at the end of Nov (106.70 in Oct) while EUR price was 1.089 with +0.03% net change in Nov (1.057 in Oct).
- Bonds incl. High Yields (N¹):** Markets have moved sharply and US government bonds rebounded by 3.0%. The 10-year US Treasury yield rose nearly 7 bsp to 4.34%, after having fallen below 4.3% for the first time since Sep (4.9% in Oct). The 1-month T-Bill ended Nov unchanged at 5.56%.
- Equities (N):** Equities rebounded by 9.2% in Nov (USD). The S&P 500 rose 8% in Nov (- 2.1% in Oct), marking its best

month since July 2022 for the same month while Stoxx Europe 600 rose by 6.45% in Nov. Energy was the month's sole negative sector, declining 0.7%. The Technology, Real Estate, Consumer Discretionary, and Financial sectors all posted double-digit gains in Nov. That's a swift reversal from the Q3 selloff, but follows the pattern that has held in 2023, with Big Tech leading the way.

Commodities (U): OPEC+ output fell 90,000 bpd in Nov as result of lower shipments by Nigeria and Iraq as well as ongoing market-supporting cuts by Saudi Arabia and other members. Crude oil price fell 8.8% in Nov to USD 74.46 bbl. The price of Gold crossed above USD 2,000 in Nov to USD 2,035.50.

Investment Ideasⁱⁱ

- Stay invested in Neutral



Performance Equity Markets MSCI World 5Yⁱⁱⁱ
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EURUSD Technical Chart 5y, Bloomberg

¹ How to read: (U) underweight; (N) neutral; (O) overweight
ⁱⁱ See rationales on our web page www.aspermontcapital.ch

ⁱⁱⁱ Return for the last rolling 12m