



**Market Commentary**  
November 2023

# MARKET COMMENTARY

November 2023

## SNAPSHOT

- Global equities struggled in the wake of 'higher for longer' interest rates.
- Bond returns fell as economic data strengthened in the US.
- Geopolitical fears led to gains in gold in particular.

All percentages below are monthly returns for October 2023

## EQUITIES



## BOND MARKETS

### BONDS

Short-dated bonds rose, longer bonds fell

	UK GILTS	-0.4%
	US TREASURIES	-1.2%
	GLOBAL CORPORATE BONDS	-0.8%
	GLOBAL HIGH YIELD BONDS	-0.5%



\*Values represent bond index returns

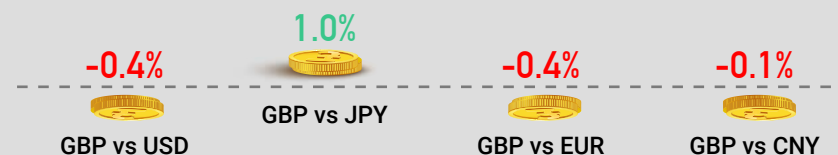
## CURRENCIES

### CURRENCIES

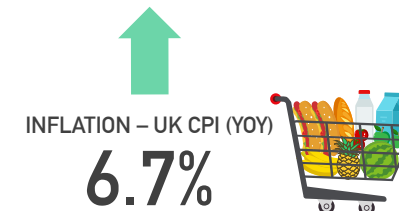
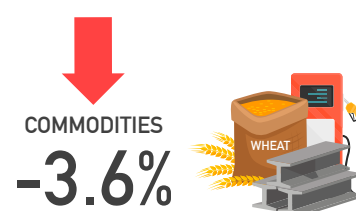
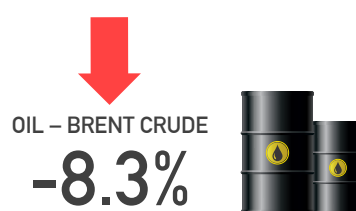
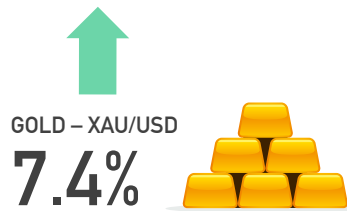
Sterling weakened against most major currencies



Pound vs Other Currencies



## KEY INDICATORS



**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

# GLOBAL MARKETS

Equities and bond prices both fell as bond yields rose sharply on the back of persistent inflation data. Gold and natural gas rose due to the conflict in the Middle East. Sterling gained against the yen.



## US MARKETS

Declined on the back of poor cyclical sector performance

The US equity market declined through October, led by cyclical sectors, with real estate and consumer discretionary stocks being the chief underperformers. The traditional defensive sectors, such as utilities and consumer staples, were the best performers. Despite facing multiple headwinds – including a strong domestic currency and surging treasury yields – and concerns over ‘higher for longer’ interest rates, the US market is proving to be robust and resilient given the release of strong Q3 GDP figures, robust retail sales, solid industrial production, and strong housing starts data.

**-2.2%**

US 500



## UK MARKETS

Strong energy stock performance could not curtail overall weak results

In spite of surging natural gas and gold prices contributing to strong performances from energy-related stocks, which the UK has a meaningful exposure to, the UK markets declined overall. In terms of exposure, large-cap stocks outperformed small-cap stocks, and growth stocks outperformed value ones. With the overall financial ‘health’ of the UK consumer remaining a concern on the back of a drop in consumer confidence and house price worries, gilts continued to sell-off and most sectors, including the banks, delivered weak performance.

**-4.2%**

UK All Share



## EUROPEAN MARKETS

Resilient inflation and weak economic data weighed on the markets

Even though the safe haven sectors of utilities and consumer staples gained, and the energy and technology sectors proved resilient, European equities declined overall. Despite recessionary fears and the Eurozone’s manufacturing sector remaining in contractionary territory, with inflation still above its 2% target the European Central Bank (ECB) has maintained its hawkish stance. However, interest rates were left unchanged for the first time in more than a year, in light of evidence of economic deterioration within the region. Government bonds broadly gained as yields receded, while corporate issues traded lower as the economic landscape softened.

**-3.5%**

Euro 600 Index



## JAPAN MARKETS

Growing economic uncertainty led to market declines

While both the TOPIX and Nikkei 225 fell, small-cap stocks managed to outperform large-cap stocks, and growth outperformed value stocks in relative terms. The rise in long-term yields favoured banks, while energy stocks also rose. The Bank of Japan intervened to bring down yields, although the 10-year JGB remained stubbornly high at 0.95%. Growing uncertainty on the outlook for Japan was highlighted by factory activity shrinking for the fifth straight month, while the service sector saw its weakest growth this year. Flash PMI numbers continued to stay below 50, too. The Bank of Japan continued to stick to a dovish message regarding inflation policy.

**-3.0%**

Japan Index



**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.



# THE WORLD AT A GLANCE

	2018	2019	2020	2021	2022
UK CASH	0.6%	0.7%	0.2%	0.0%	1.4%
US DOLLAR INDEX	4.4%	0.2%	-6.7%	6.4%	8.2%
UK GILTS	0.6%	6.9%	8.3%	-5.2%	-23.8%
US TREASURIES	0.9%	6.9%	8.0%	-2.3%	-12.5%
GLOBAL CORPORATE BONDS	2.1%	7.3%	7.1%	-1.9%	-6.8%
GLOBAL HIGH YIELD BONDS	1.6%	8.3%	3.8%	2.0%	-2.3%
US 500	-6.2%	28.9%	16.3%	26.9%	-19.4%
UK ALL SHARE INDEX	-13.0%	14.2%	-12.5%	14.5%	-3.2%
EURO 600 INDEX EX UK	-13.0%	24.2%	1.0%	22.4%	-14.9%
JAPAN INDEX	-17.8%	15.2%	4.8%	10.4%	-5.1%
ASIA EX JAPAN	-12.3%	17.9%	22.4%	-3.1%	-15.4%
EMERGING MARKETS	-16.6%	15.4%	15.8%	-4.6%	-22.4%
COMMODITIES	-8.5%	13.1%	-26.1%	41.6%	41.9%
GOLD	-2.8%	18.0%	20.9%	-4.3%	-0.7%
HEDGE FUNDS	-6.7%	8.6%	6.8%	3.7%	-4.4%

## October 2023

## Year to Date

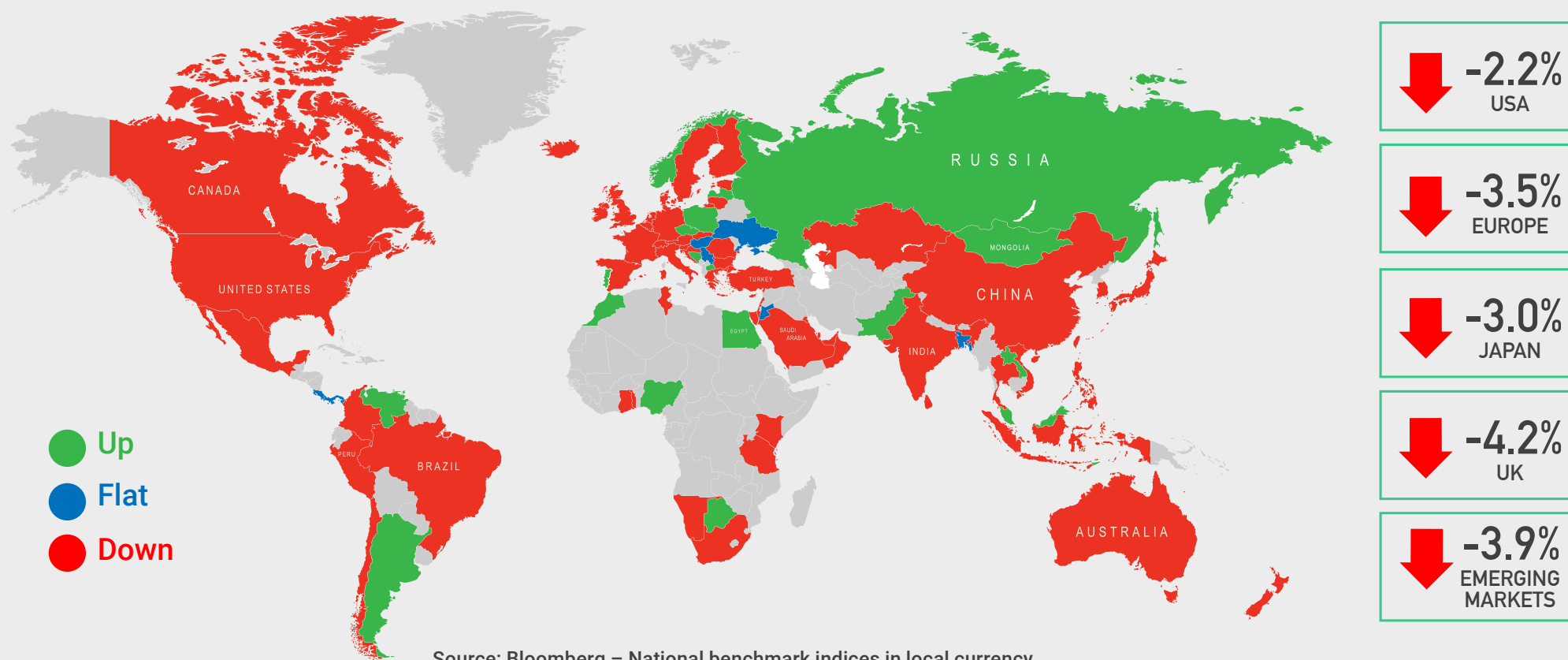
0.5%	3.8%
0.5%	3.0%
-0.4%	-4.4%
-1.2%	-2.7%
-0.8%	-1.1%
-0.5%	3.5%
-2.2%	9.2%
-4.2%	-3.0%
-3.5%	2.8%
-3.0%	19.1%
-3.6%	-1.6%
-3.9%	-4.3%
-3.6%	1.9%
7.4%	8.8%
0.0%	1.0%

Source: Bloomberg

Total Return – Local Currency

**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

# WORLD EQUITY MARKETS

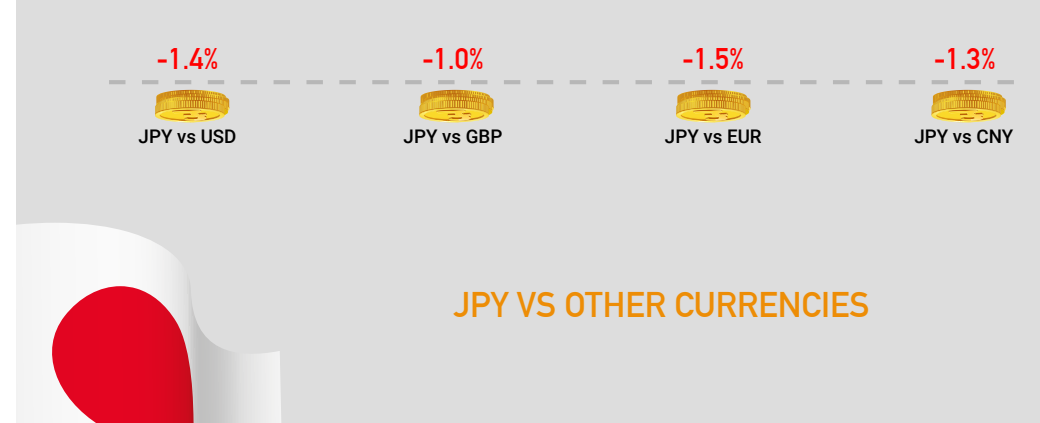
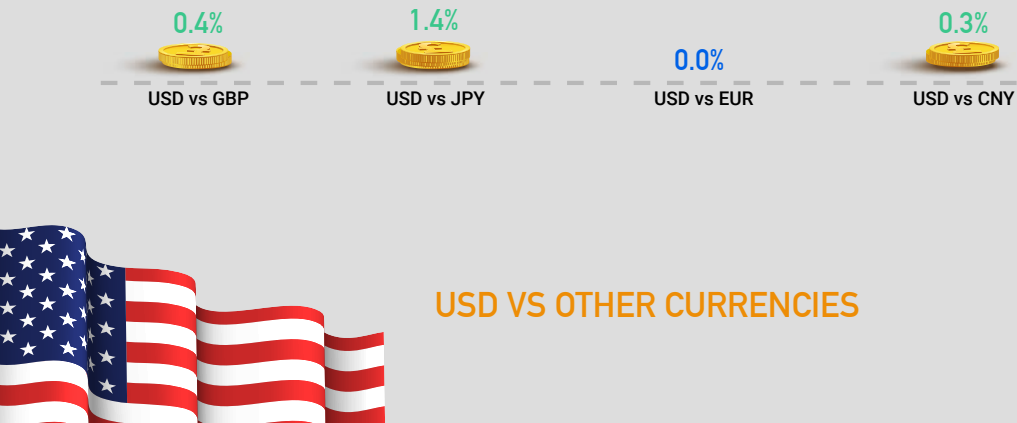
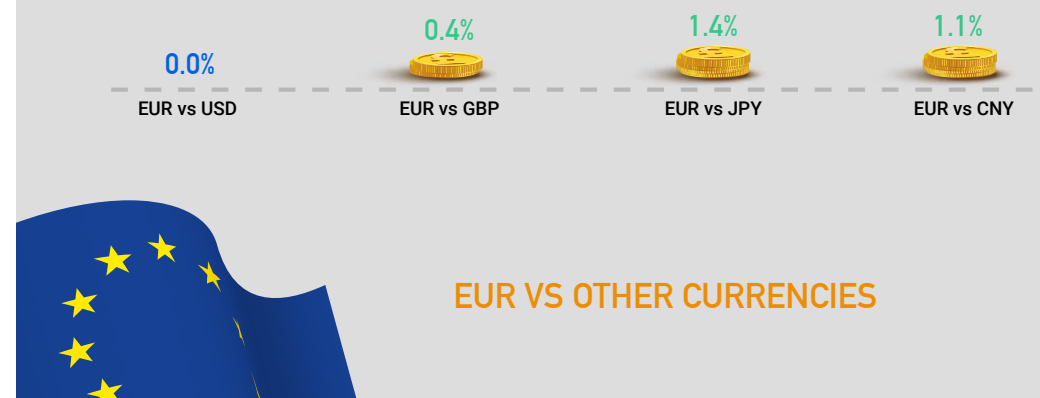
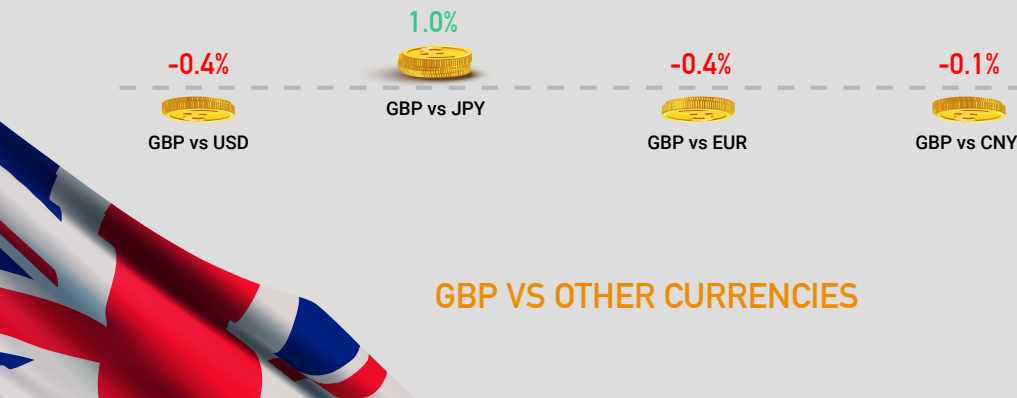


## Key Points

- Global equities declined through October, with developed markets outperforming emerging markets.
- Growth outperformed value in relative terms, as financials and consumer discretionary stocks fell more than technology in relative terms.
- With inflation remaining above most central banks' targets, markets were concerned over 'higher' interest rates persisting, although the US economy remained resilient.
- Gold mining stocks were strong performers as the FTSE Gold Mines GBP was up +7.1%, primarily attributed to the conflict in the Middle East.
- Emerging Markets were impacted by a strengthening US dollar alongside a weakening Chinese market, as well as the growing conflict in the Middle East. India once again outperformed China.

**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

# CURRENCIES



## Key Points

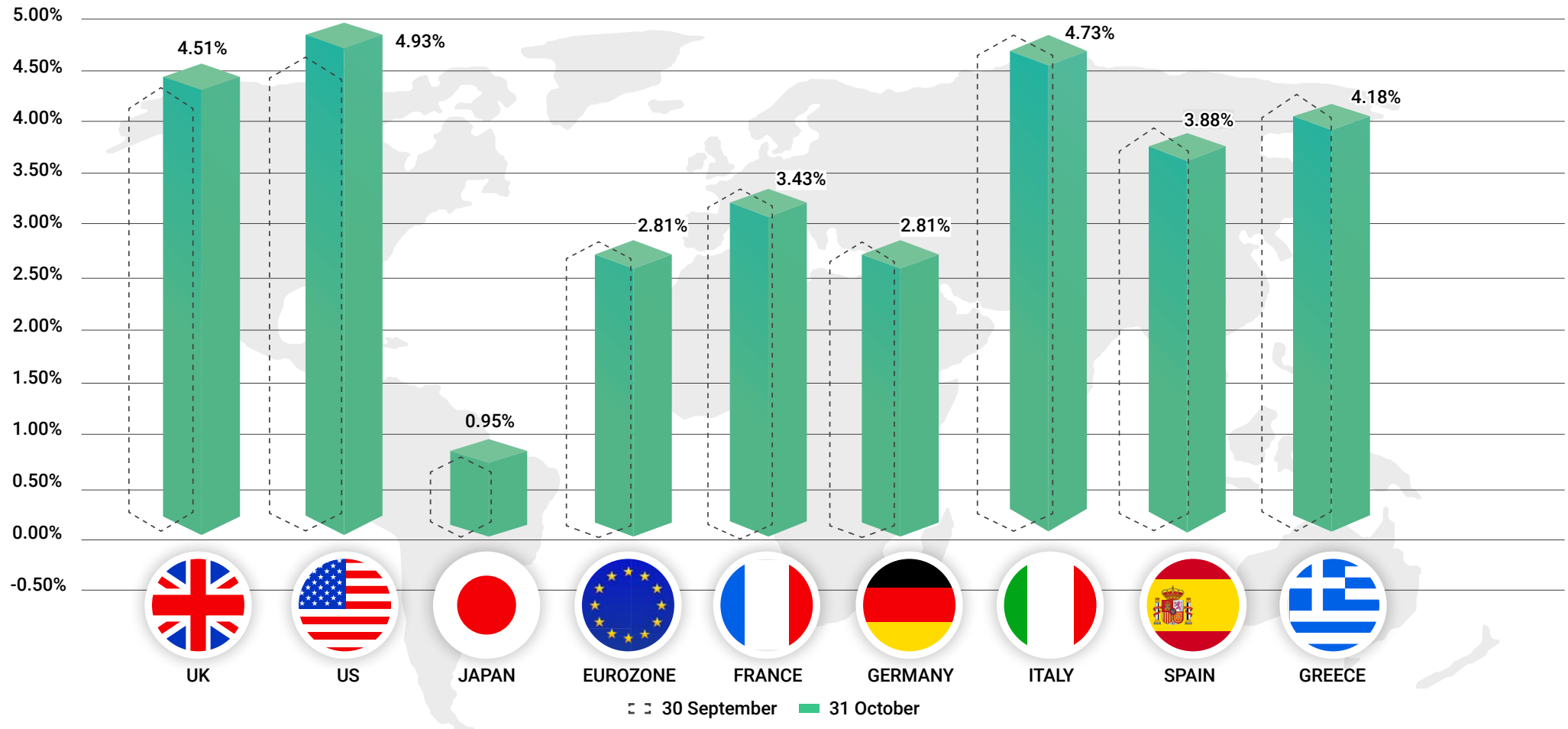
- The US dollar rose again on the back of a stronger than expected US economy in Q3.
- Sterling weakened against the US dollar and euro, with a strong US economy weighing on investors' minds. While the Bank of England kept rates on hold, fears of an impending recession also drove sterling down.
- The yen weakened against the dollar as US yields rose, putting pressure on the Bank of Japan

- (BoJ), who decided to further adjust its yield curve control policy, letting the 10-year JGB yield rise close to 1%.
- Within Emerging Markets, Turkey was a large underperformer as its currency weakened against the dollar. Turkey's central bank continues to tighten, raising the policy rate to 35% with inflation above 60%.

**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

# GENERIC 10-YEAR YIELDS\*

\*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



## Key Points

- Short-dated bonds again proved the best place to be invested as longer dated bond markets struggled in the wake of rising US yields.
- Inflation-linked gilts struggled as 20 and 30-year UK yields moved above 5% intra-month, despite CPI plateauing and core CPI readings falling to 6.1% year-on-year.
- Broad credit markets fell for the month as yields rose and spreads widened but with differing returns among maturity profiles. Sterling short-dated credit gained compared to negative returns for broader investment grade and high yield markets.
- Conventional gilts were down, albeit less so than corporate, high yield and global government (GBP hedged).
- European bonds outperformed other developed bond markets, with German, Spanish and Italian 10-year bond yields all falling slightly over the month.

**DISCLAIMER** – The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance. Returns are in local currency unless indicated otherwise. Source: Bloomberg.

## GLOSSARY

**MACRO** – short for macroeconomics, a branch of economics that studies the performance and behaviour of the economy as a whole rather than individual markets. Focuses on the analysis of large scale economic phenomena such as inflation, unemployment, international trade and economic growth. Used by policymakers and businesses to make decisions about economic policy, investment strategies and financial planning.

**CPI stands for Consumer Price Index.** It is a measure of the average change in prices of goods and services consumed by households over time. The CPI is calculated by comparing the prices of a basket of goods and services in a given period to the prices of the same basket of goods and services in a base period. The CPI is used as an indicator of inflation and is often used by governments and central banks to make monetary policy decisions.

**CORE INFLATION** – a measure of inflation that excludes the more volatile components such as food and energy and lets economists and policymakers better assess long term inflationary pressures

**HAWKISH** – monetary policy stance that prioritises controlling inflation over stimulating economic growth

**PMI stands for Purchasing Managers' Index.** It is an economic indicator that measures the activity level of purchasing managers in the manufacturing and services sectors. The PMI is calculated based on a survey of purchasing managers who report on various aspects of their business, such as new orders, production levels, employment, and supplier deliveries. The PMI is a leading indicator of economic activity and is closely watched by investors, policymakers, and analysts. A PMI reading above 50 indicates expansion in the sector, while a reading below 50 indicates contraction.

**A tenor bond is a type of bond that has a longer maturity period, typically between 10 and 30 years.** The term "tenor" refers to the length of time until the bond reaches maturity and the principal amount is repaid to the bondholder.



## DISCLAIMER

The information contained in this document is for informational purposes only and should not be construed as a solicitation or offer, or recommendation to acquire or dispose of any investment, and examples used are for illustrative purposes only. This document provides commentary and data on global markets and does not provide any reference to specific products and should not be construed as a solicitation or offer, or recommendation to acquire or dispose of any investment in any jurisdiction. While all reasonable efforts are made to obtain information from sources which are accurate at the date of production no representation is made or warranty provided that the information or any opinions contained in this document are accurate, reliable or complete. The information and any opinions contained in this document are based on current market conditions and certain assumptions and are subject to change without notice. Any user must, in any event, conduct their own independent due diligence and investigations, together with their professional advisers, into legal, regulatory, tax, credit and accounting matters before making any investment, rather than relying on any of the information in the document. The value of investments and the income from them can go down as well as up and past performance is not a guide to future performance.

Information has been produced and provided by Collidr Asset Management Ltd which is authorised and regulated by the Financial Conduct Authority (713361) and is registered in England and Wales. Company No.09061794. Registered office: 34 Southwark Bridge Road, London, SE1 9EU, UK. Information has been produced and provided by Collidr Asset Management Ltd which is authorised and regulated by the Financial Conduct Authority (713361) and is registered in England and Wales. Company No.09061794. Registered office: 34 Southwark Bridge Road, London, SE1 9EU, UK.

This document is distributed by Craven Street Wealth. All content is for general information only and does not constitute investment, tax, legal or other forms of advice. You should not rely on this information to make, or refrain from making any decisions. Craven Street Wealth is the trading name of Craven Street Financial Planning Limited.

(FCA No135202) is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No:03852054. Craven Street Wealth Limited is a registered limited company in England and Wales No:13077997. Registered office:3 Gough Square, London EC4A 3DE. Data references are for the period to 31 October 2023 and are correct at date of publishing (10 November 2023).

Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK