MARKET CHRONICLES
November 2024

"As we approach year-end, investors can celebrate record-high stock markets, favorable bond yields, and a growing U.S. economy with limited signs of recession. Optimism is driven by expectations of tax cuts, expansionary fiscal policies, and a nationalist trade stance. However, uncertainties about future policies and global implications suggest caution. Looking ahead to 2025, the investment landscape presents both opportunities and challenges, influenced by fiscal policies, central bank actions, and geopolitical risks. Despite potential short-term volatility, the medium-term outlook is favorable with stable macroeconomic conditions anticipated. We expect a positive outlook for the coming year, focusing on managing changes in fiscal and geopolitical landscapes."

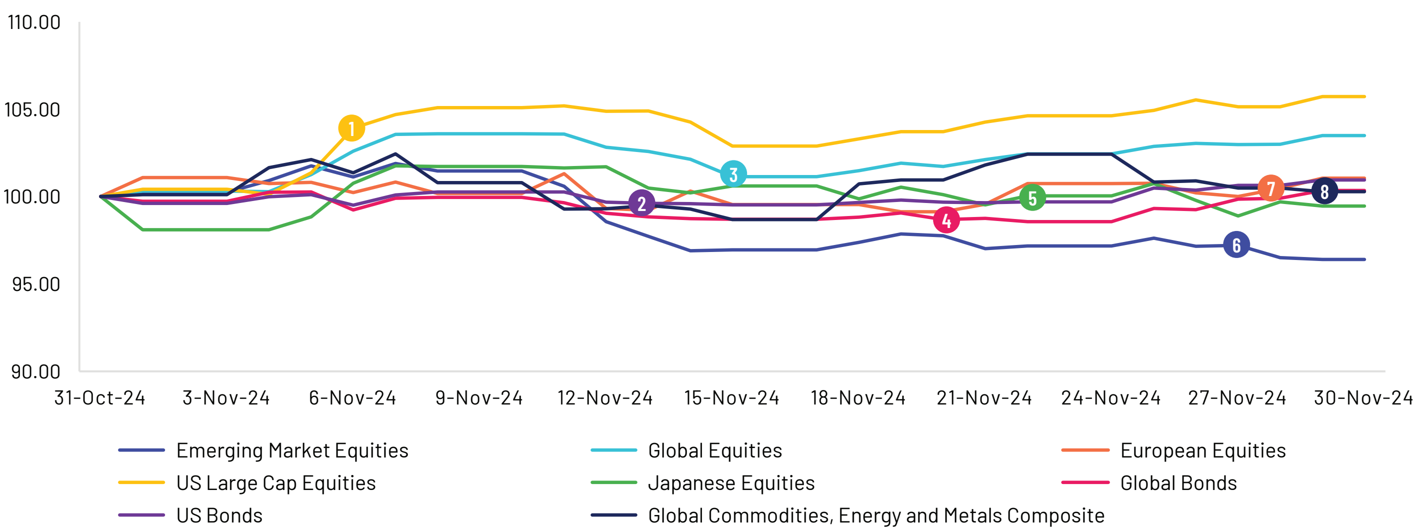
– Narendra Babu, Senior Director, Financial Marketing Services

Global Markets

Global Equity Markets	**3.5%**
US Large Cap Equities	**5.7%**
Global Bonds	**0.3%**

**All performances are in USD*

Asset Class Performance



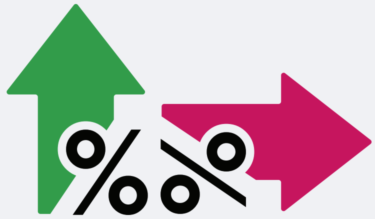
Please note that the chart is intended for illustrative purposes only and should not be used for precise performance measurement.
All performance data has been normalized to a baseline value of 100 for comparative ease.

1. November 6: Wall Street hit record highs, global markets surged, bitcoin reached an all-time high, and the dollar saw its biggest jump in four years after Trump's election.
2. November 13: U.S. Treasury yields for longer-dated bonds rose amid volatile trading as investors evaluated the recent U.S. inflation figures and the Federal Reserve's future interest rate decisions assets.
3. November 15: Global equity funds recorded their highest net purchases, fueled by optimism over Donald Trump's potential second-term boost to corporate earnings and U.S. growth.
4. November 20: Alibaba's successful $5 billion dual-currency bond deal enhances its financial stability, diversifies its investor base, and supports strategic growth initiatives.
5. November 22: Japanese equities fell as factory activity declined for the fifth month in November due to weak demand and cost pressures from China's economic slowdown.
6. November 27: Emerging markets are bracing for a difficult and unpredictable period, driven by policy shifts in the United States and uncertain economic growth in China.
7. November 28: European shares rose, and Asian stocks fell as trading volumes decreased before the U.S. Thanksgiving holiday, boosted by a tech rally on reports of milder U.S. chip restrictions on China.
8. November 29: Global commodities in November showed strong performance in coffee, cocoa, and natural gas, though metals and grains faced downturns.

Top Performing Asset Class:

US Large Cap Equities (+5.7%)

US Large Cap Equities surged in November 2024 after Donald Trump's presidential victory and positive macroeconomic data, with anticipated deregulation boosting financials and energy sectors.



Bottom Performing Asset Class:

Global Commodities (+0.3%)

Global commodities saw modest gains in November amid profit-taking in precious metals and growing concerns over gas supply, driven by reduced Russian gas deliveries to Europe and the unexpected closure of a major LNG plant in Australia.

Equity

Global equity markets rallied in November, driven by the Republican Party's victory in the recent US elections, as well as easing monetary policies. Emerging markets underperformed their developed counterparts. The US equity markets advanced on the anticipation of tax cuts and business-friendly policies under a second Trump presidency, which are expected to boost corporate profit. Meanwhile, the US Federal Reserve (Fed) trimmed the interest rate by 25bps to 4.50%-4.75%, citing an easing job market and consistent softening in inflation towards its 2% target. Fed officials remained optimistic about further slowdown in inflation and prospects of the labour market, which could lead to measured interest rate cuts. In Europe, equity markets gained, overcoming the uncertainty about US trade tariffs and outlook for interest rates. Annual inflation accelerated for a second consecutive month, touching 2.3% (vs 2% in October), but the Consumer Price Index fell 0.3%. The UK stock market rose, despite a drop in retailer optimism to a two-year low following Finance Minister Rachel Reeves's first budget amid rising employment costs and weak consumer demand. Meanwhile, the Bank of England lowered its rate by 25bps to 4.75%, marking the second rate cut in four years. In Asia, the Japanese equity market declined on higher core consumer inflation than the Bank of Japan's (BOJ) 2% target. The yen appreciated as expectations gained momentum on the BOJ's ramping up the short-term interest rate from the current 0.25% at its December meeting. Chinese equities also fell thanks to concerns over a potential escalation in the US-China trade conflict and government support measures, believed to be inadequate to address the domestic real estate crisis. Meanwhile, the People's Bank of China maintained the key lending rates (one-year loan prime rate: 3.1%; five-year property mortgage rate: 3.6%).

Fixed Income

In November, global bond markets experienced a slight increase, as US Treasury yields fell. Global investment grade bonds outperformed both sovereign and high-yield bonds. Throughout November, central banks reduced interest rates. The US 10- and 2-year yield spread contracted slightly, driven by strong economic growth, anticipated inflation and Trump's presidential victory. In the third quarter, US GDP grew 2.8% – slightly below expectations. Nonetheless, the growth print indicated the US economy had remained resilient. In November, US investment grade spreads tightened, fuelled by stronger economic data and positive market sentiment, resulting in positive returns. While the US election captured much attention, significant political developments also occurred in France, where speculation increased about the government's ability to pass a budget. Meanwhile, in Europe, French and German 10-year bond yield spreads expanded. While the European Central Bank hinted at potential rate cuts, the Bank of England went a step ahead, reducing the interest rate by 25bps to 4.75%, citing slowing price growth and lower inflation. The yield on 10-year UK gilt was up 4.2277% by month-end. October inflation data posed a slight challenge to European bond markets, as the eurozone CPI returned to the 2% target, due largely to energy and food prices. Euro government bonds outperformed their global counterparts in local currency terms.

Commodities

Global commodity markets experienced modest gains in the month. Natural gas, coffee and cocoa posted strong gains, while other commodities declined. Oil prices faced downward pressure from weakening global demand, particularly in China, where imports fell sharply on an economic slowdown. However, OPEC+'s extended production cuts, geopolitical tensions and potential supply disruptions from hurricanes in the Gulf of Mexico stemmed the fall to an extent. Natural gas prices surged to a one-year high, spurred by colder US weather forecasts, robust global LNG demand and reduced Russian supplies to Europe amid geopolitical tensions. A surprise US inventory drawdown and supply disruptions caused by Hurricane Rafael added to the bullish performance. Additionally, 'dunkelflaute' – periods of low wind and solar energy output – boosted reliance on gas-fired power generation. Precious metal, gold and silver prices declined as rising US Treasury yields, stronger dollar and reduced expectations of Fed rate cuts dampened investor sentiment. Copper prices weakened, due to a robust dollar, weak Chinese demand, potential US tariffs and underwhelming stimulus measures. Wheat futures also fell, pressured by ample Russian exports, improved US and Russian crop conditions and competitive pricing from Argentina and the Black Sea region. Coffee and cocoa prices soared, with coffee reaching a 47-year high on weather-induced supply disruptions, depleted global stockpiles and anticipation of stricter EU deforestation regulations. Cocoa was impacted by adverse weather in Ivory Coast, causing high bud mortality, mould growth and quality issues, translating into critically low inventories.

Central Bank Quotes

Today, the FOMC decided to take another step in reducing the degree of policy restraint by lowering our policy interest rate by ¼ percentage point. We continue to be confident that, with an appropriate recalibration of our policy stance, strength in the economy and the labor market can be maintained, with inflation moving sustainably down to 2 percent. We also decided to continue to reduce our securities holdings. I'll have more to say about monetary policy after briefly reviewing economic developments.
– Jerome Powell, Chairman, Federal Reserve (7 November 2024)

There has been continued progress in disinflation, particularly as previous external shocks have abated. So, at this meeting, the Committee voted to reduce Bank Rate to 4.75%. Based on the evolving evidence, a gradual approach to removing policy restraint remains appropriate. Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further.
– Andrew Bailey, Governor, Bank of England (7 November 2024)

Market Indices

2018	2019	2020	2021	2022	2023	YTD 2024	November 2024
US Large Cap Equities -6.2%	US Large Cap Equities 28.9%	Asian Equities Ex- Japan 20.2%	US Large Cap Equities 26.9%	UK Equities 7.2%	Japanese Equities 25.1%	US Large Cap Equities 26.5%	US Large Cap Equities 5.7%
UK Equities -8.8%	European Equities Ex-UK 27.1%	Emerging Market Equities 18.3%	European Equities Ex-UK 24.5%	Japanese Equities -5.1%	US Large Cap Equities 24.2%	Global Equities 18.3%	Global Equities 3.5%
European Equities Ex-UK -10.9%	Global Equities 24.0%	US Large Cap Equities 16.3%	UK Equities 19.6%	European Equities Ex-UK -12.6%	Global Equities 19.9%	Japanese Equities 13.3%	UK Equities 2.6%
Global Equities -11.3%	Emerging Market Equities 18.4%	Global Equities 14.1%	Global Equities 16.7%	Asian Equities Ex- Japan -19.0%	European Equities Ex-UK 17.6%	UK Equities 10.9%	European Equities Ex-UK 0.1%
Emerging Market Equities -14.6%	UK Equities 16.4%	Japanese Equities 4.8%	Japanese Equities 10.4%	US Large Cap Equities -19.4%	Emerging Market Equities 9.8%	Asian Equities Ex- Japan 8.8%	Japanese Equities -0.5%
Asian Equities Ex- Japan -16.4%	Asian Equities Ex- Japan 15.6%	European Equities Ex-UK 1.8%	Emerging Market Equities -2.5%	Global Equities -19.5%	UK Equities 7.7%	Emerging Market Equities 7.7%	Asian Equities Ex- Japan -2.4%
Japanese Equities -17.8%	Japanese Equities 15.2%	UK Equities -13.2%	Asian Equities Ex- Japan -3.2%	Emerging Market Equities -20.1%	Asian Equities Ex- Japan 5.3%	European Equities Ex-UK 7.3%	Emerging Market Equities -3.6%

In case you missed it

1. *Ready to uncover how the auto sector is accelerating towards decarbonization with cutting-edge technologies, supportive policies, and substantial investments? – July 2024*

2. *Discover lucrative opportunities in the growing global senior-housing market, driven by ageing populations and innovative living solutions. – July 2024*

3. *Learn how to streamline investment monitoring and tackle operational challenges—read on to discover powerful solutions! – July 2024*

4. *Understand how large pharma companies can navigate patent cliffs and sustain revenue through strategic options. – July 2024.*

What's ahead

December 15, 2024	Japan: Manufacturing PMI
December 19, 2024	US: Fed Interest Rate Decision
December 20, 2024	Eurozone: Consumer Confidence
December 23, 2024	UK: GDP QoQ
December 25, 2024	Russia: Industrial Production YoY
December 27, 2024	India: Foreign Exchange Reserves
January 02, 2025	China: Manufacturing PMI
January 03, 2025	Brazil: PPI MoM
January 06, 2025	Singapore: Retail Sales YoY
January 07, 2025	France: Inflation YoY

For more details scan the QR code or visit
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Acuity was established as a separate business from Moody's Corporation in 2019, following its acquisition by Equistone Partners Europe (Equistone). In January 2023, funds advised by global private equity firm Permira acquired a majority stake in the business from Equistone, which remains invested as a minority shareholder.