

The Weekly Market View

November 20 2023

Thanksgiving presents

US

- ▶ US CPI rose 3.2% y-o-y despite being unchanged for the month, according to seasonally adjusted numbers from the Labor Department, coming in lower than market expectations. Core CPI increased 0.2% m-o-m and 4% y-o-y, against the forecast of 0.3% and 4.1% respectively.
- ▶ The Federal Reserve Bank of New York reported that the expected path for inflation softened on balance in October amid rising expectations for future gasoline price increases and largely stable outlook for employment and personal finances. The latest survey of Consumer Expectations, showed inflation running at 3.6% a year from now, down from estimates of 3.7% in September.
- ▶ US retail sales fell 0.1% on a monthly basis in October, compared to the September increase of 0.9%, but better than the market expectation of -0.3%.
- ▶ US weekly jobless claims rose 13,000 to 231,000 in the week ending November 11, and continuing claims also rose to 1.865mn in the week ending November 4.
- ▶ US Congress averted the government shutdown by passing a stop-gap funding bill to keep federal agencies running for next two months.

Europe and UK

- ▶ UK CPI advanced at an annual pace of 4.6% in October, slowing sharply from a 6.7% growth in September and lower than market consensus of 4.8% increase. Core CPI fell to an annual 5.7% in October from 6.1% in September.
- ▶ UK retail sales volumes fell unexpectedly in October signalling that consumer finances remain stretched. Retail sales volumes dropped 0.3% month-on-month, following a revised 1.1% decline in September that was worse than first estimated.

Asia

- ▶ Japan's 3Q GDP data showed that the economy contracted by a worse-than-expected 0.5% q-o-q (market consensus: -0.1%) and 2.1% y-o-y (market consensus: -0.6%). This marked the biggest contraction since 3Q 21.
- ▶ Bank of Japan Governor Kazuo Ueda said the central bank will discuss a strategy for exiting ultra-loose monetary policy when sustained achievement of its 2% inflation target approaches.
- ▶ China's October economic activity perked up as industrial output grew faster pace and retail sales growth beat expectations. However, fixed asset investment for the first 10 months of the year grew by 2.9% from a year ago, missing expectations for a 3.1% increase.

Rates

- ▶ Global rates declined over the week, led by 10Y UK gilt yields. 10Y UST dropped on soft US inflation print. Sovereign yield curves ended flat in US and Germany.
- ▶ Global aggregate bond index posted gains of 1.93%, led by Global treasuries and Global IG credit which gained 2%.

FX

- ▶ Broad USD weakened as markets boosted their expectations of Fed rate pause.
- ▶ The EUR, GBP and the JPY strengthened against the USD.

Commodities

- ▶ Oil prices fell for the fourth consecutive week amidst higher supply and weak demand concerns.
- ▶ Gold along with other precious metals posted weekly gains on weak USD bias and declining UST yields.
- ▶ Copper prices jumped on Fed rate hike pause expectations and aluminium prices declined.

Equities

- ▶ Global equities posted gains of 2.91%. DM equities and EM equities both recorded gains, but the latter slightly outperformed the former.
- ▶ Within DM, Europe-ex UK outperformed the most in USD terms while US underperformed.
- ▶ By global sectors, materials, industrials and financials outperformed the most while real estate and consumer discretionary were amongst the underperformers.

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ASSET MANAGEMENT LIMITED

Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	4,514	2.24	17.57
Dow Jones	34,947	1.94	5.43
Nasdaq	14,125	2.37	34.96
DAX	15,919	4.49	14.33
Nikkei 225	33,585	3.12	28.53
FTSE 100	7,504	1.95	0.70
Sensex	65,795	1.37	8.14
Hang Seng	17,833	1.46	-10.31
Regional Markets			
ADX	9,575	0.24	-6.23
DFM	3,995	0.64	19.74
Tadawul**	11,082	2.23	6.28
DSM**	10,221	2.45	-4.12
MSM30**	4,619	1.77	-4.84
BHSE**	1,947	0.77	2.58
KWSE**	6,642	0.78	-8.80
MSCI			
MSCI World	2,985	2.91	14.70
MSCI EM	977	2.97	2.11

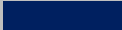
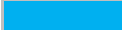
Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of November 17 2023 unless stated otherwise; **Data as of November 16 2023.

Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
ICE Brent USD/bbl	80.6	-1.01	-5.54
Nymex WTI	75.9	-1.66	-4.81
Gold USD/t oz	1,980.8	2.09	8.68
Silver USD/t oz	23.7	6.52	-1.09
Platinum USD/t oz	902.7	6.73	-15.62
Copper USD/MT	8,141.0	1.69	-2.93
Alluminium	2,183.8	-0.93	-7.06
Currencies			
EUR USD	1.09	2.14	2.05
GBP USD	1.25	1.92	3.33
USD JPY	149.63	-1.25	11.92
Rates			
	Latest	Weekly	YTD(bp)
SOFR	5.32	0.00	102.00
UAE Eibor 3m	5.47	1.16	116.25
UAE Eibor 12m	5.55	-9.58	51.15
US 3m Bills	5.39	-1.83	104.23
US 10yr Treasury	4.44	-21.64	56.06
German 10yr Bund	2.59	-13.00	2.10
UK 10yr Gilt	4.10	-23.12	43.62

Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
Equities						35.0	37.2	2.2
North America						22.0	24.0	2.0
Europe						6.0	4.0	-2.0
Japan						1.9	1.9	0.0
APac ex Japan						4.3	5.3	1.0
EM ex Asia						0.8	0.5	-0.3
Japan (JPY) off BM						0.0	1.5	1.5
Fixed Income						50.0	47.8	-2.2
DM Treasuries IG						27.2	25.2	-2.0
DM Corporate IG						10.4	10.4	0.0
EM USD Sov. IG						0.7	0.7	0.0
EM LCY IG						4.3	5.3	1.0
EM Corporate IG						0.5	0.2	-0.3
Global HY						5.0	5.0	0.0
Cash						2.0	1.0	-1.0
Alternatives						15.0	15.0	0.0
Colour legend	 Current  Previous							

Source: Bloomberg, Bloomberg BGN, Bloomberg Indices, Hedge Fund Research, MSCI, Standard & Poor's, DataStream, Refinitiv, and ADCB Asset Management | Notes: *Positioning recommendations: SUW = Significant Underweight; UW = Underweight; N = Neutral; OW = Overweight; SOW = Significant Overweight. **Based on balanced risk profile. SAA = Strategic Asset Allocation; TAA = Tactical Asset Allocation; Active weight = TAA weight - SAA weight. Weights may not sum to 100% due to rounding.

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
11/20/23 19:00	Leading Index	Oct	-0.60%	-0.70%
11/21/23 17:30	Philadelphia Fed Non-Manufacturing Activity	Nov	--	-20.3
11/21/23 19:00	Existing Home Sales	Oct	3.90m	3.96m
11/21/23 23:00	FOMC Meeting Minutes	1-Nov	--	--
11/22/23 16:00	MBA Mortgage Applications	17-Nov	--	2.80%
11/22/23 17:30	Initial Jobless Claims	18-Nov	--	--
11/22/23 17:30	Continuing Claims	11-Nov	--	--
11/22/23 17:30	Durable Goods Orders	Oct P	-3.20%	4.60%
11/22/23 19:00	U. of Mich. Sentiment	Nov F	60.7	60.4
11/22/23 19:00	U. of Mich. Expectations	Nov F	--	56.9
11/22/23 19:00	U. of Mich. 1 Yr Inflation	Nov F	--	4.40%
11/22/23 19:00	U. of Mich. 5-10 Yr Inflation	Nov F	--	3.20%
11/24/23 18:45	S&P Global US Manufacturing PMI	Nov P	--	50
11/24/23 18:45	S&P Global US Services PMI	Nov P	--	50.6

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
11/24/23 03:30	Natl CPI YoY	Oct	3.40%	3.00%
11/24/23 03:30	Natl CPI Ex Fresh Food YoY	Oct	3.00%	2.80%
11/24/23 03:50	Foreign Buying Japan Stocks	17-Nov	--	¥388.4b
11/24/23 03:50	Foreign Buying Japan Bonds	17-Nov	--	-¥296.2b
11/24/23 04:30	Jibun Bank Japan PMI Mfg	Nov P	--	48.7
11/24/23 04:30	Jibun Bank Japan PMI Services	Nov P	--	51.6
11/24/23 09:00	Leading Index CI	Sep F	--	108.7
11/24/23 09:00	Coincident Index	Sep F	--	114.7
11/24/23 09:30	Nationwide Dept Sales YoY	Oct	--	9.20%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
11/20/23 11:00	Germany PPI YoY	Oct	--	-14.70%
11/22/23 19:00	Eurozone Consumer Confidence	Nov P	--	-17.9
11/23/23 11:45	France Manufacturing Confidence	Nov	--	98
11/23/23 12:15	France HCOB Manufacturing PMI	Nov P	--	42.8
11/23/23 12:15	France HCOB Services PMI	Nov P	--	45.2
11/23/23 12:30	Germany HCOB Manufacturing PMI	Nov P	--	40.8
11/23/23 12:30	Germany HCOB Services PMI	Nov P	--	48.2
11/23/23 13:00	Eurozone HCOB Manufacturing PMI	Nov P	--	43.1
11/23/23 13:00	Eurozone HCOB Services PMI	Nov P	--	47.8
11/24/23 11:00	GDP SA QoQ	3Q F	--	-0.10%
11/24/23 13:00	Germany IFO Business Climate	Nov	--	86.9
11/24/23 13:00	Germany IFO Expectations	Nov	--	84.7

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
11/22/23	Chancellor of the Exchequer Presents the Autumn Statement			
11/23/23 13:30	S&P Global/CIPS UK Manufacturing PMI	Nov P	--	44.8
11/23/23 13:30	S&P Global/CIPS UK Services PMI	Nov P	--	49.5
11/24/23 04:01	GfK Consumer Confidence	Nov	--	-30

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