

The *Monthly* *Edit* / November 2024

We examine the markets daily, and our monthly update is a selection of key global stories explained through an investment lens.



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Market headlines

US equities soared after a conclusive Trump win, outperforming other regions.

Global bond markets rise over the month (yields fall) following a US interest rate cut, European political uncertainty, and escalating trade tensions in Asia.

Slowing inflation in the US and other regions gave rise to hopes that **interest rates may have reached their peak.**

Brent Crude **Oil prices held below US\$75 a barrel by month-end** as fears of an attack by Israel on Iran's energy infrastructure faded.

The big topics

Trump's US election win sparks equity market optimism

Donald Trump's victory in the US presidential election had a significant impact on global markets.

The clear outcome alleviated fears of a prolonged and disputed result, which could have led to market instability. Investors reacted positively, anticipating US economic stimulus measures and deregulation that could boost corporate profits. US equities rallied, reflecting this optimism.

The outlook for interest rates is a critical factor for investors. The market has already adjusted its expectations, with fewer interest rate cuts anticipated in the near term. However, the potential for increased global trade tariffs created uncertainty, particularly for international markets.

Overall, the US election results brought a mix of optimism and caution, influencing investments globally.

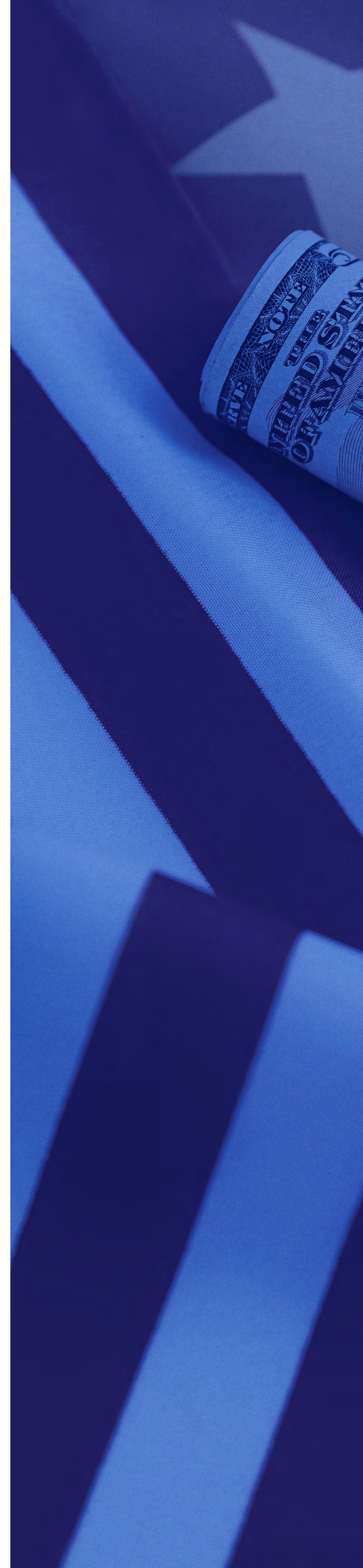
Global inflation heading towards targets, but concerns remain

Global inflation showed continued signs of moderation during November but remained higher than pre-pandemic levels.

The US and eurozone saw inflation rates near their central bank targets of 2%, giving room for policymakers to continue to cut interest rates in November and October, respectively. Meanwhile, China faced challenges with falling prices for consumers and the goods and services of producers.

In the UK, the government faced challenges balancing economic growth and inflation risks. Overall, while inflation is still trending downwards, it remains a key concern for policymakers.

They are nervous about the risks of a resurgence, especially considering faster US economic growth under an incoming Republican administration focused on cutting taxes and easing regulatory pressures more broadly.





China's stimulus fails to live up to market hopes amid US election ripples

Following on from early October promises of stimulus by China's policymakers, November saw more efforts unveiled.

However, these fell short of market expectations, with few new measures to boost weak domestic consumer demand. Investor sentiment was also dampened by the re-election of Donald Trump which raised expectations of increased US-China trade tariffs. In economic news, China's economic growth of 4.6% for the third quarter was slightly below expectations due to weak domestic demand and low industrial activity.

Overall, despite the stimulus, trade concerns impacted Chinese equities, which declined over the month.

Central banks: Bank of England cuts interest rates

The Bank of England (BoE) reduced interest rates from 5% to 4.75% at their November meeting.

This follows the Labour government's Autumn Budget on 30 October, which introduced higher taxes and increased spending to support public services. With the latest October inflation survey showing annual inflation at 2.3%, close to the BoE's 2% target, the BoE's second interest rate cut this year was seen as easing restrictive monetary policy a little.

The market response was mixed: some sectors welcomed the lower borrowing costs, while others remained cautious about the broader economic outlook. This decision highlighted the BoE's ongoing efforts to balance managing risks of a possible resurgence in inflation and promoting economic growth.

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