



WEEKLY BULLETIN

Financial markets are feeling festive

Key takeaways

Amid another good week for both bond and stock markets, an assortment of economic updates suggested ongoing resilience in the US economy. However, small cracks could now be appearing in the US jobs market...

- The latest private sector survey data (the Purchasing Managers' Index) pointed to further weakening in the manufacturing sector in November, while the services sector appeared to strengthen. This data indicates that despite the best efforts of the US central bank to slow economic activity and lower inflation – hiking rates from a range of 0-0.25% in March 2022 to a range of 5.25-5.5% today – US economic activity has remained relatively resilient.
- Sticking with the US, November's employment market data was also released last week. While a larger-than-expected number of new jobs was added to the US economy last month, other figures (such as fewer job openings overall) pointed to the emergence of some weakness in the employment environment. The US jobs market has been surprisingly upbeat in the face of sharp interest rate hikes, but it seems that cracks are beginning to appear.
- The latest UN climate change summit – COP28 – is currently drawing to a close in Dubai, but an array of new pledges will not be enough to limit global warming to 1.5°C, according to the International Energy Agency (IEA). The IEA has recommended that nations commit to lower fossil fuel usage, an increase in renewable energy, better energy efficiency, lower methane emissions, and a large-scale financing mechanism to triple clean energy investment in developing economies. We'll closely watch the outcome of COP28 for any potential implications for the sustainable investment space.

Market moves

December opened with another good week for both bond and stock markets.

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In bond markets, bond yields fell again, meaning that bond prices rose.

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Within stock markets, European share prices led the way higher, while the UK and developing economies played the laggard.

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In commodity markets, the price of gold eased off after a strong run, while the oil price continued to fall and is now firmly in negative territory for 2023 so far.

What to look out for this week

The latest US inflation update is due for release on Tuesday (12 December), and markets will be watching closely for signs of abating pricing pressures.

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On Wednesday, the US central bank's ruling committee will announce its latest interest rate decision. No change is expected, but analysts will be looking for any acknowledgement of an end to interest rate hikes and potential future cuts.

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On Thursday, the European Central Bank and Bank of England are also expected to hold interest rates steady at their current levels.

Market performance (as at 8 December 2023)

	Index Levels	Last Week	Month to Date	Year to Date
Equity				
MSCI United Kingdom	2,163.6	0.3%	1.3%	5.0%
MSCI United Kingdom Mid Cap	1,289.7	2.6%	4.0%	18.1%
MSCI United Kingdom Small Cap	365.5	2.0%	3.1%	4.5%
MSCI World (GBP)	2,386.3	1.0%	1.7%	14.6%
S&P 500 (GBP)	4,604.4	0.9%	1.8%	16.8%
MSCI Japan (GBP)	1,421.0	0.2%	0.9%	10.9%
MSCI Europe ex-UK (GBP)	1,670.3	1.7%	2.1%	13.2%
MSCI Pacific ex-Japan (GBP)	1,528.9	1.1%	1.3%	-6.0%
MSCI Emerging Markets (GBP)	59,194.3	0.0%	-0.3%	0.5%
Bonds				
BoA Merrill Lynch Conventional Gilts	1,005.5	1.4%	1.5%	-0.5%
BoA Merrill Lynch Index-Linked Gilts	412.1	2.4%	2.1%	-3.8%
BoA Merrill Lynch £ Corporate	398.3	0.9%	1.1%	5.7%
Commodities				
Oil (West Texas Intermediate, GBP)	\$71.1	-2.8%	-5.1%	-14.9%
Gold (GBP)	\$2008.1	-1.1%	-0.4%	6.2%
S&P / GSCI (GBP)	3,315.5	-2.3%	-3.3%	-9.1%

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