

Monthly Highlights November 2022

Markets had a more positive month as US inflation cools and investors look to China's re-opening.

Macro: US inflation cools in October

US inflation surprises on the downside



US headline CPI
+7.7%

Inflationary pressures from



1. Labour market tightness



2. Boost from pandemic-related stimulus



3. Increase in goods demand

appear to be ebbing

Markets: Inflation optimism and China re-opening hopes lift markets

Lower inflation reading buoys markets while FTX's demise hurts crypto

S&P 500 **+2.4%**

MSCI Asia ex Japan **+13.1%**

10-year US Treasuries **-10bp**

US dollar **-4.3%**

Bitcoin **-20.6%**

We are neutral equities versus bonds but favour longer duration bonds within fixed income.

Source: Bloomberg. Numbers are month to date as of 28 November 2022 and in USD.

China's trade data contracts for the first time since 2020

Slowing global and domestic demand put more pressure on China to ease its zero COVID policy and drive domestic growth.

Exports.....**-0.3% yoy**

Imports.....**-0.7% yoy**

Producer price index.....**-1.3% yoy**

Chinese equities and commodities rally on China re-opening rumours

China refines its zero COVID policy and provides more credit support to the property sector. We expect China's economy to bottom in 1Q23, with a full reopening around mid-2023.



+7.7%*



6.4%



+18.9%

Source: Bloomberg. Numbers are month to date as of 28 November 2022 and in local currencies. *In USD.

COP27 delegates to establish fund to help countries most affected by rising temperatures



But fail to agree on greater cuts to greenhouse gas emissions and an end to fossil fuel use.



US mid-term elections result in government gridlock

US equities historically outperforms global peers in the 3rd year of a first term US president, although US recessionary risks may create some headwinds. We currently prefer emerging over US equities.



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