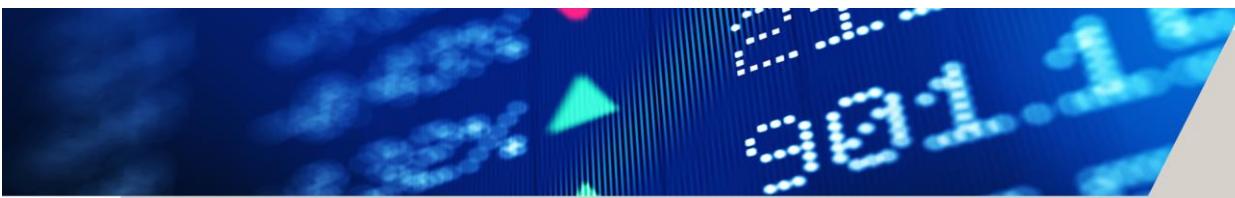




Monthly Market Summary

November 2022



Summary: Stocks and bonds rally as inflation fears subside

Capital markets continued to recover in November: global equities rose by 7.8%, while global government bonds also rallied by 4.8% (both in USD terms). Key themes included:

- US inflation data were softer than expected and the Fed retained its hawkish tone;
- There were no clear signs of a global recession – US hard data were notably robust;
- Chinese stocks rallied, amid rumours of zero-Covid policy easing.

Risk appetite improved following a weaker-than-anticipated US inflation print, buoying expectations that the US Federal Reserve might slow – or even end – its tightening cycle. Several currencies rebounded against the US dollar – the euro rose above parity again, while the pound sterling breached the 1.20 mark. Commodities were mixed: Brent Crude and WTI oil fell to \$85 and \$80 per barrel (respectively), though gold rose by 8% (in USD terms). European natural gas prices also jumped higher but were still well below their summer highs. Elsewhere, cryptocurrencies suffered dearly after FTX filed for bankruptcy – Bitcoin fell by almost 20%. Finally, US companies reported an earnings growth rate of 2.2% in Q3, helped by strong figures from the energy sector (based on 94% of S&P 500 companies).

US: CPI surprise; Hawkish Fed; Divided Congress

US hard data continued to look robust, though the soft data were more mixed: for instance, the closely-watched US ISM Manufacturing PMI contracted modestly to 49.0 in November. Labour markets appeared healthy: the unemployment rate edged up to 3.7%, still low by historical standards. The US CPI surprised to the downside in October: the headline rate fell to 7.7% (from 8.2%, y/y), while core CPI edged down to 6.3%. The Fed raised its target rate by 75bps – for the fourth consecutive time – to 3.75-4.0%. Importantly, there was no talk of a policy pivot: Powell signalled rates could end up higher than previously anticipated, though future hikes could also be smaller in magnitude. In the midterm elections, the Republican clean sweep failed to materialise as the Democrats retained control of the Senate, but ceded control of the House.

Europe: Peak eurozone inflation?; BoE hikes; UK Autumn Statement

The euro area composite PMI – though modestly contractionary – was better than expected, edging higher in November. Moreover, eurozone headline CPI may have peaked in November, as it moved down to 10.0% (from 10.6%, y/y). Somewhat lagged, UK headline inflation rose to 11.1% (in October), though this was due to the latest uplift to the energy price cap. The Bank of England raised its base rate by 75bps to 3.0% but still appeared hesitant, after forecasting a weak domestic growth outlook, though Bailey indicated that further rate increases would occur. The eagerly-awaited UK Autumn Statement revealed near-term fiscal loosening – largely due to the government's energy price cap support – with tax-raising measures more progressive.

ROW: China's zero-Covid policy; Japanese inflation

Rumours that Beijing was outlining a roadmap for removing its strict covid measures prompted a sharp market response: the Hang Seng Index surged over a quarter in November – more than unwinding October's losses (local currency terms). But a surge in covid cases, renewed localised lockdowns and nationwide protests complicated China's re-opening process. Separately, Xi and Biden held their first in-person meeting at the G20 summit, in which they agreed to resume cooperation in key areas despite their strategic rivalry and ongoing tensions over Taiwan. In Japan, inflationary pressures continued to ramp up: headline CPI rose to 3.7%, the highest rate since the sales tax hike in 2014.

Performance figures (as of 30/11/2022 in local currency)

Fixed Income	Yield	MTD %	YTD %
US 10 Yr	3.61%	3.6%	-13.9%
UK 10 Yr	3.16%	3.1%	-14.3%
Swiss 10 Yr	1.11%	0.3%	-8.2%
German 10 Yr	1.93%	1.4%	-15.1%
Global IG (hdg \$)	5.00%	4.4%	-13.6%
Global HY (hdg \$)	9.23%	4.3%	-11.1%

Equity Index	Level	MTD %	YTD %
MSCI World (\$)	331	7.8%	-15.0%
S&P 500	4,080	5.6%	-13.1%
MSCI UK	14,014	7.1%	8.7%
SMI	11,128	2.8%	-11.1%
Euro Stoxx 50	3,965	9.7%	-4.7%
DAX	14,397	8.6%	-9.4%
CAC	6,739	7.6%	-3.0%
Hang Seng	18,597	26.8%	-17.8%
MSCI EM (\$)	493	14.8%	-19.0%

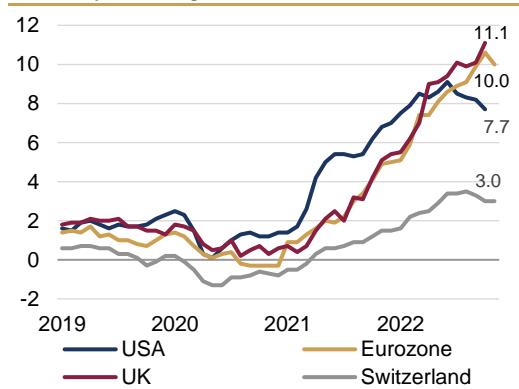
Currencies (trade-weighted)	MTD %	YTD %
US Dollar	-3.3%	8.4%
Euro	1.0%	-0.1%
Yen	3.1%	-12.2%
Pound Sterling	0.2%	-3.3%
Swiss Franc	1.5%	4.8%
Chinese Yuan	-0.8%	-2.6%

Commodities	Level	MTD %	YTD %
Gold (\$/oz)	1,769	8.3%	-3.3%
Brent (\$/bl)	85.43	-9.9%	9.8%
Copper (\$/t)	8,227	9.4%	-15.5%

Source: Bloomberg, Rothschild & Co

Headline inflation rates

Year-on-year changes, in %





Wealth Insights

For our latest publications, please visit our Wealth Insights [page](#).



Important information

This content is produced by Rothschild & Co Wealth Management UK Limited, Rothschild & Co Bank AG and Rothschild & Co Vermögensverwaltung GmbH for information and marketing purposes only. This content does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product.

Nothing in this content constitutes legal, accounting or tax advice. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Investing for return involves the acceptance of risk: performance aspirations are not and cannot be guaranteed. Should you change your outlook concerning your investment objectives and/or your risk and return tolerance(s), please contact your client adviser. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down.

Income may be produced at the expense of capital returns. Portfolio returns will be considered on a "total return" basis meaning returns are derived from both capital appreciation or depreciation as reflected in the prices of your portfolio's investments and from income received from them by way of dividends and coupons.

Holdings in example or real discretionary portfolios shown herein are detailed for illustrative purposes only and are subject to change without notice. As with the rest of this content, they must not be considered as a solicitation or recommendation for separate investment.

Although the information and data herein are obtained from sources believed to be reliable, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by Rothschild & Co Bank AG as to or in relation to the fairness, accuracy or completeness of this content or the information forming the basis of this content or for any reliance placed in this content by any person whatsoever. In particular, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in this content. Furthermore, all opinions and data used in this content are subject to change without prior notice.

This content is distributed in Switzerland by Rothschild & Co Bank AG and in the UK by Rothschild & Co Wealth Management UK Limited. Law or other regulation may restrict the distribution of this content in certain jurisdictions. Accordingly, recipients of this content should inform themselves about and observe all applicable legal and regulatory requirements. For the avoidance of doubt, neither this content nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. References in this content to Rothschild & Co are to any of the various companies in the Rothschild & Co Continuation Holdings AG operating/trading under the name "Rothschild & Co" and not necessarily to any specific Rothschild & Co company. None of the Rothschild & Co companies outside the UK are authorised under the UK Financial Services and Markets Act 2000 and accordingly, in the event that services are provided by any of these companies, the protections provided by the UK regulatory system for private customers will not apply, nor will compensation be available under the UK Financial Services Compensation Scheme. If you have any questions on this content, your portfolio or any elements of our services, please contact your client adviser.

The Rothschild & Co group includes the following wealth management businesses (amongst others): Rothschild & Co Wealth Management UK Limited. Registered in England No 04416252. Registered office: New Court, St Swithin's Lane, London, EC4N 8AL. Authorised and regulated by the Financial Conduct Authority. Rothschild & Co Bank International Limited. Registered office: St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 3BP. Licensed and regulated by the Guernsey Financial Services Commission for the provision of Banking and Investment Services. Rothschild & Co Bank AG. Registered office: Zollikerstrasse 181, 8034 Zurich, Switzerland. Authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).