# Market wrap

## **November: Solid rebound**

- After a poor month for nearly all investments in October, returns during November were exceptional strong.
- During November, Global Share performance, especially on a hedged basis was great. Global shares gained 4.4% on an unhedged basis, and gained a stellar 8.0% on a hedged basis.
- For November, the U.S. S&P 500 price index was up 8.9% in local currency. Global shares rocketed in November as traders started to bet on a Goldilocks scenario of inflation falling and central banks lowering interest rates.
- Australian shares also gained ground over the month, with the broad market index, the S&P/ASX 200 Accumulation Index gaining 5.0%. The best performing styles for the month were Growth and Small Caps. The best performing sector was Health Care returning 11.7%, while the worst performing sectors were Energy and Utilities, down by 7.4% and 6.0% respectively.
- **Fixed income** had a very strong month, with Australian Fixed Interest gaining 3.0%, while global fixed interest gained 3.2%.
- The Australian dollar gained a very solid 4.7% against the U.S. dollar over the month. The most recent rally in the AUD/USD has been driven by elevated commodity prices, positive risk sentiment, and a hawkish RBA, amid a weakening U.S. dollar facing pressure from the Fed's dovish pivot and anticipated 1.25% of rate cuts expected next year.

## Inflation cools in both the U.S. & Europe

#### Globally

- The annual inflation rate in the U.S. slowed to 3.2% in October 2023 from 3.7% in both September and August, and below market forecasts of 3.3%. Energy costs dropped 4.5% (vs -0.5% in September), with gasoline declining 5.3%, utility (piped) gas service falling 15.8% and fuel oil sinking 21.4%.
- The inflation rate in the Euro Area declined to 2.4% year-onyear in November 2023, reaching its lowest level since July 2021 and falling below the market consensus of 2.7%.

#### Locally

- The monthly Consumer Price Index (CPI) indicator in Australia increased by 4.9% in the year to October 2023, slowing from September's five-month-high of 5.6%, below forecasts of 5.2%. It was the first decline in annual inflation and the slowest pace since July.
- As largely expected, the RBA kept the official cash rate at 4.35% at its December meeting.

## Major asset class performance

Asset classes	1 month %	1 year %	5 years (p.a.) %
Australian Shares	5.0%	1.5%	8.7%
Australian small companies	7.0%	-3.2%	4.0%
Global shares (hedged)	8.0%	11.0%	8.8%
Global shares (unhedged)	4.4%	14.4%	12.2%
Global small companies (unhedged)	4.4%	3.0%	7.7%
Global emerging markets (unhedged)	3.1%	5.3%	4.3%
Global listed property (hedged)	9.0%	-4.2%	-0.9%
Cash	0.3%	3.8%	1.4%
Australian fixed income	3.0%	0.2%	0.4%
International fixed income	3.2%	0.9%	0.2%

Source: FactSet, Lonsec & Insignia Financial, 30 November 2023

Indices used: Australian Shares: S&P/ASX 200 Accumulation Index, Australian small companies: S&P/ASX Small Ordinaries Accumulation Index, Global shares (hedged): MSCI World ex Australia Net Total Return (in AUD), Global shares (unhedged): MSCI World ex Australia Hedged AUD Net Total Return Index; Global small companies (unhedged): MSCI World Small Cap Net Total Return USD Index (in AUD); Global emerging markets (unhedged): MSCI Emerging Markets EM Net Total Return AUD Index; Global listed property (hedged): FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return; Cash: Bloomberg AusBond Bank Bill Index; Australian fixed income: Bloomberg AusBond Composite 0+ Yr Index; International fixed income: Bloomberg Barclays Global Aggregate Total Return Index Value Hedged AUD

Please note: Past performance is not indicative of future performance.

### **Currency markets**

Exchange rates	At close on 30/11 %	1 month change %	1 year change %
USD/AUD	0.6631	4.7%	-1.0%
Euro/AUD	0.6077	1.4%	-6.6%
Yen/AUD	98.02	2.2%	4.9%

Source: FactSet & Insignia Financial, 30 November 2023.

All foreign exchange rates are rounded to two decimal places where appropriate.

Please note: Past performance is not indicative of future performance.

This document is prepared by Actuate Alliance Services Pty Ltd (ABN 40 083 233 925, AFSL 240959) ('Actuate'), a member of the Insignia Financial group of companies ('Insignia Financial Group'). General Advice Disclaimer: The information in this report is general advice only and does not consider the financial objectives, financial situation or needs of any particular investor. Before acting on this report, you should assess your own circumstances or seek personal advice from a licensed financial adviser. This report is current as at the date of issue but may be subject to change or be superseded by future publications. The content is current as at the date of issue and may be subject to change. If an investor requires access to other research reports, they should ask their adviser. In some cases, the information has been provided to us by third parties. While it is believed that the information is accurate and reliable, the accuracy of that information is not guaranteed in any way. Past performance is not a reliable indicator of future performance, and it should not be relied on for any investment decision. Whilst care has been taken in preparing the content, no liability is accepted by Actuate or any member of the Insignia Financial group, nor their agents or employees for any errors or omissions in this report, and/or losses or liabilities arising from any reliance on this report. This report is not available for distribution outside Australia and may not be passed on to any third person without the prior written consent of Actuate.