

The Weekly Market View

November 13 2023

Recovered half of losses

US

- ▶ The University of Michigan consumer sentiment index fell unexpectedly to its lowest level in six months. Long-run inflation expectations hit 3.2% - the highest since 2011.
- ▶ US initial jobless claims fell to a seasonally adjusted 217K, falling 3K for the week ended Nov. 4 from an upwardly revised 220K the previous week.
- ▶ On Thursday, Federal Reserve Chair Jerome Powell delivered a speech that had a somewhat hawkish tone. Powell mentioned that despite being cautious of the risk of overtightening the Fed is not confident that monetary policy achieved a sufficiently restrictive stance to bring inflation down to 2%.
- ▶ The US treasury's auction of its 30Y instruments for USD24bn met its weakest demand in two years.
- ▶ On Friday, Moody's lowered its outlook on the US's credit rating to "negative" from "stable", citing the sharp rise in debt servicing costs and political polarization.

Europe and UK

- ▶ Eurozone's Retail Sales dropped 0.3% m-o-m in September against a 0.7% fall in August, according to the official data released by Eurostat on Wednesday. The market expectation was for a 0.2% decline.
- ▶ Germany industrial orders for September were better than expected on the sequential basis but disappointed on the y-o-y basis. But the overall industrial production disappointed consensus.
- ▶ UK GDP for Q3 came close to zero and was largely in line with expectations. GDP data for the month of September was better than expected.

Asia

- ▶ Japan's cabinet approved an extra budget to support PM Fumio Kishida's USD110bn economic stimulus package aimed at boosting consumption and fighting inflation.
- ▶ China's exports in October fell 6.4% y-o-y far more than expected decline of 3.5%. Imports were much higher than expected as well, coming in at a 3.0% y-o-y versus expectations of -5%.
- ▶ China's consumer price index fell by 0.2% y-o-y in October compared to a flat reading in September. Core inflation rose by 0.6% in October, following 0.8% growth in September. The producer price index declined 2.6% last month, declining for the 13th month in a row.

Rates

- ▶ Hawkish tone adopted by Fed (Minneapolis President Neel Kashkari and Fed Governor Michelle Bowman), BoE (Governor Bailey) and ECB officials caused treasury bond yields to move higher over the week.
- ▶ While the 10Y yields on USTs, UK gilts, and German bunds rose last week, yields on JGBs fell.
- ▶ Sovereign yield curves inverted further in the US and Germany, flattened in Japan, and steepened in the UK.

FX

- ▶ The yen weakened past 150 against the USD, to its lowest level in almost 33 years. Notably USD/JPY rose every day last week.
- ▶ GBP/USD fell for five consecutive days to end the week lower on mixed commentary from BoE officials (Governor Bailey vs. Chief Economist Pill).
- ▶ The EUR fell marginally against the USD ahead of the EU GDP release next week.

Commodities

- ▶ Oil prices fell for the third straight week on stronger USD. With this price move markets have priced out any impact of Middle East conflict on oil prices.
- ▶ Prices of gold and other precious metals fell on stronger USD and fading haven demand.
- ▶ Copper and aluminium prices, weighed down China deflation and strong greenback, fell.

Equities

- ▶ Global equities posted their second consecutive week of gains with MSCI ACWI rising 0.6%. DM equities outperformed EM equities, which were flat.
- ▶ By regions, US outperformed while UK and Canada underperformed the most in USD terms. Japanese equities posted gains in local currency terms.
- ▶ By global sectors, IT, Communication Services, and Industrials posted gains and outperformed while energy, real estate, utilities, and materials underperformed the most.
- ▶ Q3'23 Earnings season continues to be strong. In the US, of the 455 companies in the S&P 500 that have reported earnings to date, 81.3% (vs. long-term average of 66%) reported above analyst expectations.

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 696 2358

kishore.muktinutalapati@adcb.com

Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0)2 696 2878

prerana.seth@adcb.com

Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0)2 696 2236

mohammed.alhemeiri@adcb.com

Ahmed Al Falahi

Analyst

Tel: +971 (0)2 497 3934

ahmed.a5@adcb.com

Nura Al Suwaidi

Analyst

Tel: +971 (0)2 497 9520

Nura.Alsuwaidi@adcb.com

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ASSET MANAGEMENT LIMITED

Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	4,415	1.3	15.0
Dow Jones	34,283	0.7	3.4
Nasdaq	13,798	2.4	31.8
DAX	15,234	0.3	9.4
Nikkei 225	32,568	1.9	24.8
FTSE 100	7,361	-0.8	-1.2
Sensex	64,905	0.8	6.7
Hang Seng	17,203	-2.6	-13.0
Regional Markets			
ADX	9,549	0.4	-6.5
DFM	3,969	1.0	19.0
Tadawul**	10,841	-0.9	2.8
DSM**	9,977	-0.2	-6.6
MSM30**	4,539	0.3	-6.8
BHSE**	1,932	0.9	1.9
KWSE**	6,591	-0.3	-9.6
MSCI			
MSCI World	2,901	0.6	11.5
MSCI EM	948	0.0	-0.8

Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
Brent USD/bbl	81.4	-4.1	-5.2
WTI USD/bbl	77.2	-4.2	-3.9
Gold USD/t oz	1,946.7	-2.4	7.2
Silver USD/t oz	22.4	-3.5	-5.9
Platinum USD/t oz	853.0	-8.4	-17.3
Copper USD/MT	7,954.7	-1.7	-4.9
Alluminium	2,203.5	-1.4	-6.2
Currencies			
EUR USD	1.07	-0.4	-0.2
GBP USD	1.22	-1.2	1.0
USD JPY	151.52	1.4	15.6
Rates			
	Latest	Weekly (bp)	YTD (bp)
SOFR	5.32	0.0	102.0
UAE Eibor 3m	5.46	-7.1	115.1
UAE Eibor 12m	5.65	-3.9	60.7
US 3m Bills	5.26	-1.0	96.0
US 10yr Treasury	4.62	4.6	78.9
German 10yr Bund	2.71	7.2	14.7
UK 10yr Gilt	4.34	4.4	66.7

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of November 10 2023 unless stated otherwise; **Data as of November 09 2023.

Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
Equities						35.0	37.2	2.2
North America						22.0	24.0	2.0
Europe						6.0	4.0	-2.0
Japan						1.9	1.9	0.0
APac ex Japan						4.3	5.3	1.0
EM ex Asia						0.8	0.5	-0.3
Japan (JPY) off BM						0.0	1.5	1.5
Fixed Income						50.0	47.8	-2.2
DM Treasuries IG						27.2	25.2	-2.0
DM Corporate IG						10.4	10.4	0.0
EM USD Sov. IG						0.7	0.7	0.0
EM LCY IG						4.3	5.3	1.0
EM Corporate IG						0.5	0.2	-0.3
Global HY						5.0	5.0	0.0
Cash						2.0	1.0	-1.0
Alternatives						15.0	15.0	0.0

Colour legend Current Previous

Source: Bloomberg, Bloomberg BGN, Bloomberg Indices, Hedge Fund Research, MSCI, Standard & Poor's, DataStream, Refinitiv, and ADCB Asset Management | Notes: *Positioning recommendations: SUW = Significant Underweight; UW = Underweight; N = Neutral; OW = Overweight; SOW = Significant Overweight. **Based on balanced risk profile. SAA = Strategic Asset Allocation; TAA = Tactical Asset Allocation; Active weight = TAA weight - SAA weight. Weights may not sum to 100% due to rounding.

The Weekly Market View

November 13 2023

Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
11/14/2023 15:00	NFIB Small Business Optimism	Oct	--	90.8
11/14/2023 17:30	Real Avg Weekly Earnings YoY	Oct	--	-0.10%
11/14/2023 17:30	CPI YoY	Oct	3.30%	3.70%
11/15/2023 16:00	MBA Mortgage Applications	10-Nov	--	2.50%
11/15/2023 17:30	Retail Sales Advance MoM	Oct	-0.30%	0.70%
11/15/2023 17:30	PPI Final Demand YoY	Oct	--	2.20%
11/15/2023 17:30	PPI Ex Food and Energy YoY	Oct	--	2.70%
11/16/2023 17:30	Initial Jobless Claims	11-Nov	--	217k
11/16/2023 17:30	Continuing Claims	4-Nov	--	1834k
11/16/2023 18:15	Industrial Production MoM	Oct	-0.40%	0.30%
11/16/2023 19:00	NAHB Housing Market Index	Nov	40	40
11/16/2023 20:00	Kansas City Fed Manf. Activity	Nov	--	-8

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
11/15/2023 03:50	GDP Deflator YoY	3Q P	4.80%	3.50%
11/15/2023 03:50	GDP Annualized SA QoQ	3Q P	-0.40%	4.80%
11/15/2023 08:30	Industrial Production YoY	Sep F	--	-4.60%
11/16/2023 03:50	Trade Balance	Oct	-¥653.3b	¥62.4b
11/16/2023 03:50	Trade Balance Adjusted	Oct	-¥699.5b	-¥434.1b
11/16/2023 03:50	Exports YoY	Oct	1.20%	4.30%
11/16/2023 03:50	Imports YoY	Oct	-12.90%	-16.30%
11/16/2023 08:30	Tertiary Industry Index MoM	Sep	-0.10%	-0.10%
11/16/2023 03:50	Foreign Buying Japan Stocks	10-Nov	--	¥313.5b
11/16/2023 3:50	Foreign Buying Japan Bonds	10-Nov	--	¥512.0b

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
11/14/2023 14:00	Germany ZEW Survey Current Situation	Nov	-76	-79.9
11/14/2023 14:00	Eurozone ZEW Survey Expectations	Nov	--	2.3
11/14/2023 14:00	Eurozone GDP SA YoY	3Q P	0.10%	0.10%
11/14/2023 14:00	GDP SA QoQ	3Q P	-0.10%	-0.10%
11/14/2023 14:00	GDP SA YoY	3Q P	0.10%	0.10%
11/15/2023 14:00	Industrial Production WDA YoY	Sep	--	-5.10%
11/15/2023 11:45	France CPI EU Harmonized YoY	Oct F	--	4.50%
11/15/2023 11:45	France CPI YoY	Oct F	--	4.00%
11/17/2023 13:00	ECB Current Account SA	Sep	--	27.7b
11/17/2023 14:00	Eurozone CPI YoY	Oct F	2.90%	4.30%
11/17/2023 14:00	Eurozone CPI Core YoY	Oct F	4.20%	4.20%

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
11/14/2023 11:00	Claimant Count Rate	Oct	--	4.00%
11/14/2023 11:00	Jobless Claims Change	Oct	--	20.4k
11/14/2023 11:00	Average Weekly Earnings 3M/YoY	Sep	8.30%	8.10%
11/15/2023 11:00	CPI YoY	Oct	--	6.70%
11/15/2023 11:00	CPI Core YoY	Oct	--	6.10%
11/15/2023 11:00	RPI YoY	Oct	--	8.90%
11/17/2023 11:00	Retail Sales Inc Auto Fuel MoM	Oct	--	-0.90%
11/17/2023 11:00	Retail Sales Ex Auto Fuel YoY	Oct	--	-1.20%

The Weekly Market View

November 13 2023

China and India



Date & Time (GST)	Indicator	Period	Expected	Prior
11/10/2023 11/15	China Aggregate Financing CNY	Oct	1950.0b	4120.0b
11/10/2023 11/15	China Money Supply M2 YoY	Oct	10.30%	10.30%
11/10/2023 11/15	China New Yuan Loans CNY	Oct	655.0b	2310.0b
11/13/2023 16:00	India CPI YoY	Oct	4.81%	5.02%
11/13/2023 11/15	India Exports YoY	Oct	--	-2.60%
11/13/2023 11/15	India Imports YoY	Oct	--	-15.00%
11/13/2023 11/15	India Trade Balance	Oct	-\$20142.0m	-\$19370.0m
11/14/2023 10:30	India Wholesale Prices YoY	Oct	-0.38%	-0.26%
11/15/2023 05:20	China 1-Yr Medium-Term Lending Facility Rate	15-Nov	2.50%	2.50%
11/15/2023 06:00	China Industrial Production YoY	Oct	4.50%	4.50%
11/15/2023 06:00	China Retail Sales YoY	Oct	7.00%	5.50%
11/15/2023 06:00	China Fixed Assets Ex Rural YTD YoY	Oct	3.10%	3.10%

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