



Weekly Investment Update

6th December 2024

News Headlines

French Leadership Crisis – This week, French Prime Minister Michel Barnier was ousted following a historic no-confidence vote in the National Assembly, the first such event since 1962. The motion, supported by both far-right and far-left parties, was in response to Barnier's attempt to pass the 2025 budget via executive order. President Emmanuel Macron confirmed both his commitment to serving until 2027 and his plans to appoint a new prime minister within days to stabilise the government.

South Korea Instability – South Korean President Yoon Suk Yeol declared martial law this week, citing threats from "pro-North Korean anti-state forces" as his reasoning. The move led to widespread protests and was overturned by the National Assembly, with President Yoon then lifting the martial law order. The incident has heightened political tensions, with opposition leaders calling for Yoon's impeachment and labelling the declaration unconstitutional. The decision also affected financial markets, with the South Korean won falling sharply against the US dollar, and the major equity index experiencing a notable decline.

US Labour Market – The US labour market showed resilience in November, adding 227,000 jobs, surpassing the anticipated 200,000. This marks a significant recovery from October's revised figure of 36,000 jobs added, which had been impacted by hurricanes and strikes. However, the unemployment rate edged up to 4.2%, in line with projections. Despite strong job creation, markets are still anticipating an interest rate reduction at the upcoming Federal Reserve meeting this month.

Market Summary

Global Equities – Global equities broadly advanced over the past week, as of Thursday's close. In the US, optimism around a potential Federal Reserve interest rate cut in December continued to support a broad-based rally, helping major indices reach record highs. Gains were led by the largest technology stocks; however, small-cap indices underperformed. In Europe, equities also increased throughout the week despite significant political instability in France, where the government collapsed following a successful no-confidence vote. UK equities posted modest gains for the week, buoyed by takeover activity and supportive corporate earnings. Meanwhile, in Asia, Chinese equities moved higher, aided by improved economic data, and notably, Japan's Nikkei 225 surged, outperforming global peers over the week.

Commodities – Commodity prices generally declined this week, with the Bloomberg Commodity Index posting a -0.78% loss as of Thursday's close. Gold prices retreated as the dollar remained firm and risk sentiment improved. However, oil prices rose earlier in the week in anticipation of the OPEC+ meeting, where an agreement was reached to extend existing production cuts until the end of December 2026. Despite this agreement, oil prices fell later in the week, leaving a small net increase by Thursday's close.

Fixed Income – Government bond yields generally moved lower this week (meaning prices rose), supported by expectations of future rate cuts and political uncertainties. In the US, Treasury yields fell amid growing anticipation that the Federal Reserve will lower rates in December. Euro area sovereign yields also moved lower, as markets continued to price in faster ECB rate cuts.

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Address:
Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY



Enquiries:
0161 886 8000
enquiries@ascenciaim.co.uk

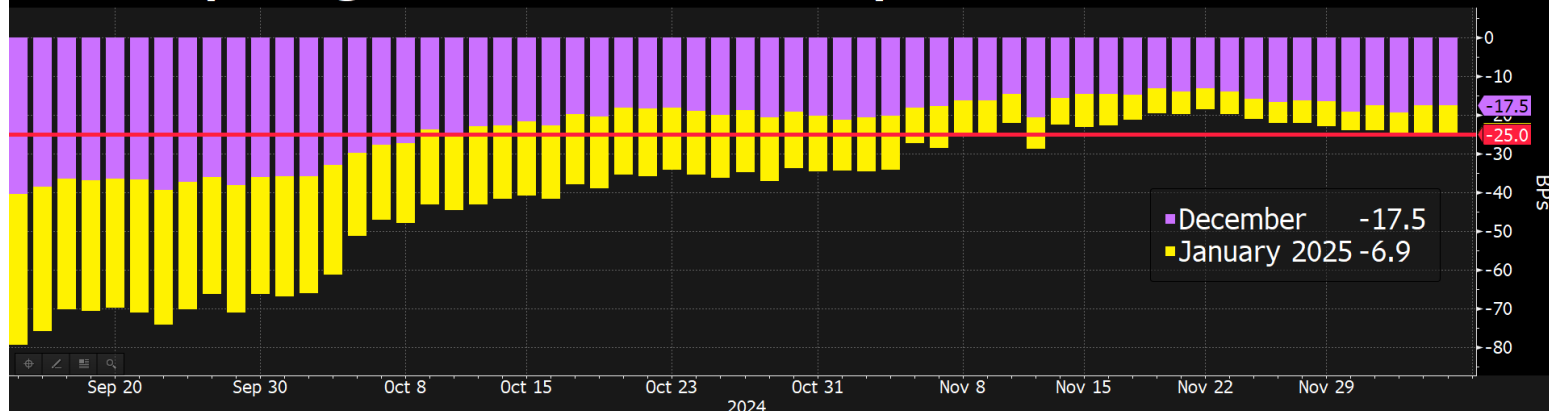


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Chart of the Week

Fed Pause On The Horizon

Markets pricing a December cut then pause



Source: Bloomberg – Fed Pause On The Horizon

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Reserve Bank of Australia Rate Decision	- German CPI (MoM)	- US CPI (MoM) - Bank of Canada Rate Decision	- UK GDP (MoM) - ECB Interest Rate Decision	-

Market Performance – 06/12/2024

Global Equity Market Indices	2024 YTD %*	2023 %*	2022 %*	2021 %*	2020 %*	2019 %*
FTSE 100	11.87%	7.68%	4.57%	18.40%	-11.44%	17.23%
S&P 500	29.00%	26.26%	-18.13%	28.68%	18.39%	31.47%
STOXX 600	12.13%	16.63%	-9.88%	25.82%	-1.44%	27.94%
Nikkei 225	19.64%	31.01%	-7.35%	6.66%	18.28%	20.73%
Hang Seng	19.84%	-10.46%	-11.48%	-12.64%	-1.00%	15.05%
Fixed Income	Yield %					
UK 10 Year Gilt	4.27%					
US 10 Year Treasury	4.18%					
Commodities	2024 YTD %**	2023 %**	2022 %**	2021 %**	2020 %**	2019 %**
Gold	27.94%	13.10%	-0.28%	-3.64%	25.12%	18.31%
Currency						
GBP/USD	1.28 (06/12/2024)					
GBP/EUR	1.21 (06/12/2024)					

Source: FE Analytics/ Bloomberg

*Total Return/Local currency **Spot Return USD

Past Performance is no guide to future performance and the value of investment and income from them can fall as well as rise

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