

## NOVEMBER 2024 MARKET REPORT

### Economic commentary

In November, we learned that consumer prices in the UK rose by 2.3% in the 12 months to October, up from 1.7% in September. The Bank of England's (BoE) Monetary Policy Committee voted by a majority in November to lower UK interest rates from 5% to 4.75%, despite inflation still being above the BoE's 2% target. This is the second time rates have been cut this year, the first time being in August. The Bank continues to face a balancing act of keeping rates low enough to stimulate lending and investment, whilst not stoking inflation.

Other central banks face similar situations. In November, the US Federal Reserve voted to reduce interest rates by 0.25% to a range of 4.5% to 4.75%, in spite of inflation still sitting above their own 2% target. We saw Donald Trump win the US presidential election, and, as a result, market participants now expect further tax cuts and the implementation of a more nationalist trade policy. In the EU, economic activity has been slow, with weak manufacturing output and declining exports. France is struggling with fresh political turmoil as its minority government has been challenged by the opposition's anger over a planned austerity budget. The European Central Bank interest rate remains at 3.25%, but there is widespread expectation of further cuts soon to provide a more supportive economic backdrop; after two cuts already this year, higher inflation is a real risk.

### Market commentary

November was a positive month for most developed markets in local currency terms, as investors enjoyed more certainty on policy following Trump's election and positive news on global corporate earnings. US stocks outperformed other regions significantly, driven by optimism surrounding Trump's seemingly business-friendly policies. Europe was a weak spot, due to concerns about US trade policy and earnings warnings from automotive and consumer goods sectors. Emerging market stocks were under pressure as attention focused on Trump's foreign policy plans – including heavy tariffs on goods imported from China. Chinese stocks suffered as a result.

The bond market performed reasonably well in November as central banks continued to lower interest rates, supported by positive signs of more moderate inflation and solid job data; bond prices were boosted as a result, given that they usually do well when interest rates are lower. It was pleasing to see that Hezbollah and Israel agreed on a temporary ceasefire towards the end of the month; this has reduced concerns about the potential for a wider regional conflict, which helped stabilise oil prices.

The US election results seemed to be the primary driver of market performance this month. However, historical evidence suggests that election outcomes have a limited long-term impact on stock market performance. This serves as a reminder of why we steer clear of short-term economic predictions. Rather than taking big bets on overpriced investments that could underperform, we concentrate on undervalued assets with long-term potential. We aim to hold these investments over time, trusting that the returns will ultimately materialise.

	1m	3m	6m	YTD	1yr	3y pa	5y pa	10y pa
<b>Equity Markets (£)</b>								
UK	2.5%	-0.5%	1.9%	10.7%	15.7%	7.9%	5.8%	6.2%
US	7.0%	10.6%	15.0%	27.9%	32.7%	12.4%	15.2%	15.0%
Global	5.8%	7.9%	11.4%	22.1%	27.2%	10.2%	12.7%	12.2%
Emerging Markets	-2.5%	2.0%	4.1%	7.4%	10.6%	-0.5%	2.9%	4.8%
Europe ex UK	-1.5%	-4.9%	-4.9%	3.5%	7.9%	4.8%	7.2%	8.0%
Japan	2.0%	-0.1%	2.2%	8.5%	12.7%	5.1%	5.1%	8.1%
China	-2.8%	17.0%	8.6%	17.0%	13.7%	-6.9%	-2.5%	3.4%
UK Smaller Companies	1.0%	-1.8%	0.8%	8.1%	16.3%	-2.0%	0.6%	4.7%
<b>Bonds (£)</b>								
Sterling Corporate Bonds	1.0%	0.2%	3.7%	1.9%	5.7%	-3.6%	-1.4%	1.5%
Global High Yield (Hedged)	1.3%	2.3%	5.5%	6.9%	10.4%	3.1%	3.0%	3.3%
Global Bonds (Hedged)	1.3%	0.9%	4.8%	3.4%	6.9%	-2.1%	-0.6%	1.1%
<b>Other (£)</b>								
Global Listed Property	3.6%	3.5%	13.3%	7.8%	18.4%	-0.5%	0.9%	5.2%
UK Listed Property	-1.2%	-6.4%	-5.5%	-6.1%	2.8%	-9.9%	-4.7%	-0.5%
Physical Gold	-1.6%	9.8%	14.3%	29.0%	29.8%	15.9%	12.9%	10.5%
<b>Economic Data</b>								
	At date	3m ago	6m ago	1y ago	3y ago	5y ago	10y ago	
Sterling/Dollar Rate	\$1.27	\$1.31	\$1.27	\$1.27	\$1.32	\$1.29	\$1.57	
Bank of England Base Rate	4.75%	5.00%	5.25%	5.25%	0.10%	0.75%	0.50%	
UK CPI YoY		2.2%	2.0%	3.9%	5.1%	1.5%	1.0%	
US Unemployment Rate		4.2%	4.0%	3.7%	4.1%	3.6%	5.8%	
UK Unemployment Rate		4.3%	4.2%	3.8%	4.2%	3.9%	5.7%	
<b>Bond yields</b>								
	At date	3m ago	6m ago	1y ago	3y ago	5y ago	10y ago	
UK 10-Year Gilt Yield	4.2%	4.0%	4.3%	4.3%	0.8%	0.7%	1.9%	
UK Corporate Bond Yield	5.4%	5.3%	5.7%	5.9%	1.9%	2.1%	3.3%	

Data Sources: Data is at 29/11/2024. For the above asset class return data, we used passive funds to represent market returns, given that they represent an investible net-of-fee return achievable by an end client. Economic figures like unemployment and CPI rates may not have been available for latest month-end at the time of publication. All returns have been calculated by Fundhouse, with reference to data from Refinitiv, Morningstar and the Bank of England. This content cannot be distributed without the consent of Fundhouse.

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