



BLACK OAK

FAMILY OFFICE

## Economic Review – November 2019

Global equities ended November broadly higher. Receding fears of a global recession and signs of progress in US-China trade talks supported the markets and global equities ended November broadly higher, with the exception of emerging markets, which struggled due to a stronger US dollar.

- The US equity market outperformed most other major markets, reaching record highs during the month on optimism over trade relations and a fresh wave of merger and acquisition activity. Investors were also comforted by a resilient US economy and corporate earnings, putting the US equity market on track for its largest annual rise since 2013. IT stocks performed well while less economically sensitive sectors – like utilities and real estate – were weaker.
- European shares rallied as well over the month, helped by improving economic data and positive US-China trade rhetoric. The flash composite purchasing managers' index (PMI) for November dipped to 50.3 (50 being the level that separates expansion from contraction). However, the manufacturing PMI picked up to 47.1 from 46.6 in October. The German Ifo business climate indicator (based on a survey of firms in Germany) also showed modest improvement, rising to 95.0 in November from 94.7 in October. Information technology, industrials, health care and materials made the largest gains at stock level. At the other end, utilities, communication services and consumer staples lagged the broad market most.
- As stated above, emerging markets fell back in November, following strong performance last month. Supported by signs of stabilisation in global growth, the region got off to an encouraging start. However, these gains proved to be short-lived as sentiment turned negative due to a mixture of economic, political and corporate factors. Tormented with strikes and antigovernment protests across the region, Latin American equity markets, along with their respective currencies, came under the most pressure. Equity performance in Asia and EMEA (Europe, Middle East and Africa) was more mixed by comparison.
- Government bond yields rose in November, while corporate bonds outperformed with the riskier high yield part of the market performing well, particularly in Europe.