

Almost in parallel with the recent moderation of government bond yields, the main stock markets continued higher. The German 10-year bond yield moderated close to the area where it ended 2022.

In the **Eurozone**, the **consumer confidence** index increased in November mildly above its 12-month average. Eurozone **manufacturing** and **services** PMI slightly increased in November but remained at contraction area. In **Germany**, the producers price index slightly dropped on monthly basis in October, consistently with the overall indications for moderation of inflation pressures.

How have the Eurozone equity markets reacted, in the context of milder government bond yields?

The **German 10-year bond yield** recently dropped at a low since early September, while it is currently slightly above where it ended 2022. In parallel with **milder government bond yields** compared to late October, the Stoxx 50 **Eurozone equity** index has recovered by almost 9% since October 27. Furthermore, the **WTI crude oil** price has slightly dropped on year over year basis. If the moderation of crude oil continues, this can be supportive for the stagnated **Eurozone economy**.

The Stoxx 600 **Europe equity** index has total return year to date of 11.5%, after the recent recovery since late October. The aggressive **sectors** of European retail (30%), technology (27%) and banks (22%) have the highest total returns year to date, as for the most part of the year risk-on environment has been evident, favoring aggressive exposures. These three European sector indexes have earnings per share 12 month forward estimates around multi-year high.

The retail and banks have P/E 12-month forward ratio lower than the 10-year average supporting their attractiveness. While the technology sector has P/E 12-month forward above the 10-year average, its attractiveness is supported by high earnings 12-month forward estimate. It is possible that these three sectors may continue upwards in the mid-term, while short-term corrections can't be excluded.

What the recent moderation of US government bond yields suggests and what the US equity market sentiment indicates?

In the **US**, the wording of **Fed's** minutes of the recent FOMC, implies that the benchmark rate will probably remain stable for some time. The **US** 10-year bond yield moderated at a level currently lower than that at the end of the third quarter of the year, starting to reflect economic growth slowdown. In parallel with milder bond yields, the S&P 500 index increased, with total return of 6.5% in the 4th quarter.

The week ahead

In the **US**, the **consumer confidence** index (28/11) may have dropped in November, indicating economic growth slowdown. The PCE deflator (30/11) may have risen on yearly basis in October by the mildest pace since March 2021 and the PCE core deflator may have increased by the mildest pace since April 2021. These figures if confirmed, will signal **further moderation of inflation**.

In the **Eurozone**, the economic confidence index (29/11) may have remained almost stable in November. Inflation (30/11) may have moderated further at 2.8% in November.

In **Japan**, industrial production (30/11) may have increased on monthly basis in October.

In **China**, the official manufacturing and services PMI (30/11) may have slightly increased in November, while the Caixin manufacturing PMI (1/12) is expected slightly lower.

“Quote of the Week”

According to the minutes of the recent Fed meeting: “Inflation moderated over the past year but further evidence would be required for the Fed to be confident that inflation is clearly on a path to 2%”.

The S&P 500 **equity** index is currently near the highest year to date close of July 31, recovering almost fully from the correction of July 31 – October 27. Additionally to the **moderation of US bond yields, equity sentiment in the US has benefited by the recovery of the earnings** 12-month forward estimate of the S&P 500 index, which recently surpassed above the level of June 2022, marking a new historic high. The S&P 500 index has total return of 20% year to date and its annualized 3-year total return is mildly above the historic average, despite the “bear market” of January to October 2022.

What have US-China said about climate?

The **US** and **China** have agreed to step up action to tackle climate issues. They agreed in principle for the establishment of a fund, which will be used to help vulnerable nations to face loss and damage from extreme weather. The COP28 climate summit starting from the end of this month, will focus on how far off-track, the world is from keeping global warming below 1.5°C pre-industrialized period. The MSCI all countries world ESG **equity** index has year to date total return of 19.7%, higher than the total return of the overall MSCI all countries world index (16.6%).

Both have slightly higher P/E 12-month forward ratio than the 10-year average, but the recovery of their earnings 12-month forward estimates has supported their attractiveness.

What is the sentiment in the main equity markets?

The MSCI **emerging equity** index increased at the highest close since early September, as the **US dollar** has weakened and the **US bond yields** have

moderated. The emerging index increased slightly above the 200-day average and has positive total return year to date of almost 6%. The earnings 12 month forward estimate of the emerging index has recently started increasing and it is currently at the highest level since January 2023. The P/E 12-month forward of the emerging index is mild, quite attractive around its 10-year average.

The MSCI **China** index increased in November. Overall, the worries about China seem less than in the recent past and this is probably reflected into the drop of the USD versus the chinese currency. The USD/CNY pair is currently at 7.15 from 7.30 at the end of October. The strengthening of the yuan is usually considered as an indication of stabilization in China. The MSCI **India** has continued higher during November, in parallel with its EPS 12-month forward estimate at multi-year high and benefited by the generally risk-on environment.

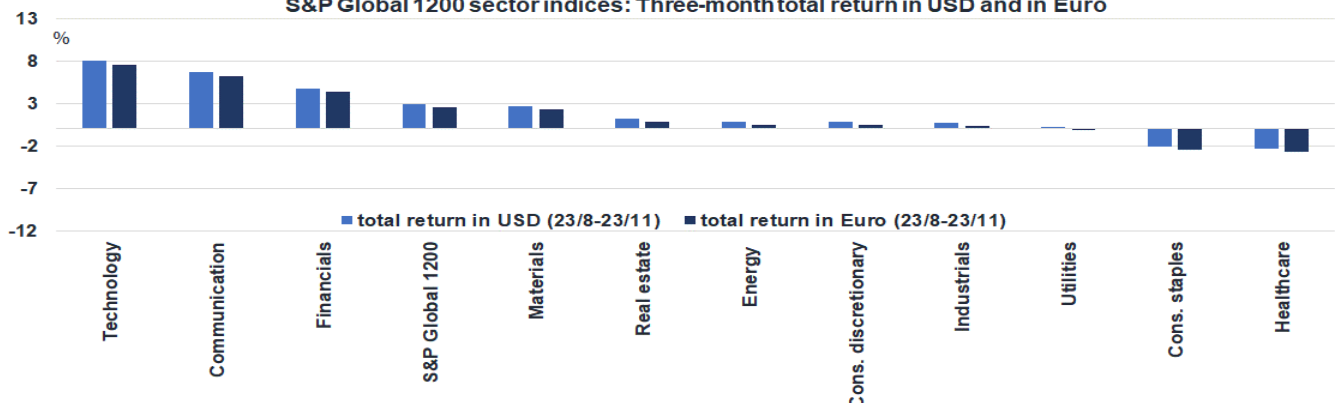
In **Greece**, the ASE index has total return of 6.3% in November. Its P/E 12-month forward ratio remains attractive mild (8) as its earnings 12-month forward estimate has risen.

Which are the latest developments regarding the EUR/USD?

The EUR/USD increased at a high (\$1.0965) since mid-August, as **US government bond yields have moderated**. The **German-US 10-bond yield** spread increased at a high since late September, which has been in line with the rise of the EUR/USD. If US bond yields continue moderating, then the EUR/USD may rise towards the resistance area of \$1.1000-\$1.1065 and \$1.1200. Support is at \$1.0700-\$1.0800 area.

During the last three months two global sectors with aggressive characteristics, namely technology and financials, have risen more than the global index.










S&P Global 1200 sector indices: Three-month total return in USD and in Euro



Global Markets Minesweeper
Event Risk Calendar, 27 November - 1 December 2023

Monday 27/11						
Date Time	Country	Event	Period	Survey	Prior	
27/11 01:50	JN	PPI Services (YoY)	Oct	2.10%	2.10%	
27/11 03:30	CH	Industrial Profits (YoY)	Oct		11.90%	
27/11 17:00	US	New Home Sales (MoM)	Oct	-4.80%	12.30%	
27/11 17:30	US	Dallas Fed Manf. Activity	Nov	-16	-19.2	
Eco Event	EC	ECB's Lagarde speaks in EU Parliament (16:00)				
Tuesday 28/11						
Date Time	Country	Event	Period	Survey	Prior	
28/11 09:00	GE	GfK Consumer Confidence	Dec	-27.5	-28.1	
28/11 11:00	EC	M3 Money Supply (YoY)	Oct		-1.20%	
28/11 16:00	US	FHFA House Price Index (MoM)	Sep	0.40%	0.60%	
28/11 16:00	US	S&P CS 20-City (MoM) SA	Sep	0.90%	1.01%	
28/11 16:00	US	S&P CS 20-City (YoY) NSA	Sep	4.20%	2.16%	
28/11 17:00	US	Conf. Board Consumer Confidence	Nov	101	102.6	
28/11 17:00	US	Richmond Fed Manufact. Index	Nov	1	3	
Wednesday 29/11						
Date Time	Country	Event	Period	Survey	Prior	
29/11 12:00	EC	Consumer Confidence	Nov F	-16.9	-16.9	
29/11 12:00	EC	Economic Confidence	Nov	93.4	93.3	
29/11 15:00	GE	CPI (MoM)	Nov P	-0.20%	0.00%	
29/11 15:00	GE	CPI (YoY)	Nov P	3.50%	3.80%	
29/11 15:30	US	Advance Goods Trade Balance	Oct	-\$86.7b	-\$86.8b	
29/11 15:30	US	Wholesale Inventories (MoM)	Oct P	--	0.20%	
29/11 15:30	US	GDP Annualized (QoQ)	3Q S	5.00%	4.90%	
Eco Event	EC	OECD publishes its economic outlook (12:00)				
	US	Federal Reserve releases Beige Book (21:00)				
	US	Cleveland Fed President Loretta Mester speaks (20:45)				
Thursday 30/11						
Date Time	Country	Event	Period	Survey	Prior	
30/11 01:50	JN	Retail Sales (YoY)	Oct	5.90%	6.30%	
30/11 01:50	JN	Industrial Production (YoY)	Oct P	0.40%	-4.40%	
30/11 03:30	CH	Manufacturing PMI	Nov	49.8	49.5	
30/11 03:30	CH	Non-manufacturing PMI	Nov	51.1	50.6	
30/11 12:00	EC	CPI Estimate (YoY)	Nov	2.80%	2.90%	
30/11 12:00	EC	CPI (MoM)	Nov P	-0.20%	0.10%	
30/11 12:00	EC	CPI Core (YoY)	Nov P	3.90%	4.20%	

November 24, 2023

30/11 12:00	EC	Unemployment Rate	Oct	6.50%	6.50%	
30/11 15:30	US	Initial Jobless Claims	25-Nov		209k	
30/11 15:30	US	PCE Deflator (MoM)	Oct	0.10%	0.40%	
30/11 15:30	US	PCE Deflator (YoY)	Oct	3.10%	3.40%	
30/11 15:30	US	PCE Core Deflator (MoM)	Oct	0.20%	0.30%	
30/11 15:30	US	PCE Core Deflator (YoY)	Oct	3.50%	3.70%	
30/11 16:45	US	MNI Chicago PMI	Nov	4.60%	4.40%	
30/11 17:00	US	Pending Home Sales (MoM)	Oct	-0.90%	1.10%	
Eco Event	UN	COP28: UN climate summit is held in Dubai				
Corp. Results	US	Dell				
		Friday 1/12				
Date Time	Country	Event	Period	Survey	Prior	
1/12 01:30	JN	Jobless Rate	Oct	2.60%	2.60%	
1/12 02:30	JN	Jibun Bank Japan PMI Mfg	Nov F	48.1	48.1	
1/12 03:45	CH	Caixin China PMI Mfg	Nov	49.3	49.5	
1/12 10:55	GE	Germany Manufacturing PMI	Nov F	42.3	42.3	
1/12 11:00	EC	Eurozone Manufacturing PMI	Nov F	43.8	43.8	
1/12 11:30	UK	UK Manufacturing PMI	Nov F	46.7	46.7	
1/12 17:00	US	ISM Manufacturing	Nov	47.7	46.7	
Eco Event	US	Federal Reserve Chair Jerome Powell speaks (18:00)				

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