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**Market Review**

Source: Zephyr Style Advisor

November was a strong month for equities, despite ongoing concerns surrounding inflation and central bank policy action. Emerging market equities were up 14.8%, outperforming both international developed equities (11.3%) and the US (5.6%) during the month. The rally in emerging market equities was led by China, up 29.7% for the month. This surge can be attributed to Chinese lawmakers signaling that they may begin to ease its Covid-19 restrictions[[1]](#endnote-1),[[2]](#endnote-2). In international developed markets, Hong Kong's Hang Seng Index had its best month since October 1998, up 26.6%, which also was tied to news of China potentially loosening its strict zero-Covid-19 policy.[[3]](#endnote-3)

Within the S&P 500, all eleven sectors were positive for the month. The sector rallies were helped by a weaker-than-anticipated October US inflation report[[4]](#endnote-4). Materials and industrials led and were up 11.8% and 7.9%, respectively, in November, while consumer discretionary was the weakest, returning 1.0%. Energy had modest gains this month (1.3%) and is now up 70.7% for the year. Looking across style, large value outperformed large growth in November. Companies like Boeing, which rallied over the month, are considered large value (and part of the industrials sectors), which helps explain outperformance across size, style, and sector.

Bonds reversed course during the month and saw gains across all major markets. Emerging market bonds led and were up 6.6% in November, its best month in 24 years[[5]](#endnote-5), outperforming international bonds (5.6%) and US Bonds (3.7%). Even as the Fed (Federal Reserve) increased rates by 75 basis points in November, US fixed income rallied as investors responded positively as they took note of Fed Chair Powell indicating the Fed will slow the pace of rate hikes as soon as December[[6]](#endnote-6). All major US bond sectors saw gains in November, led by long Treasuries up 7.1% for the month.

The broad commodity index was up 2.7% in November, led by industrial metals (up 14.5%). Gold also was up by 6.8%. Typically, there's an inverse relationship between the US dollar (which was down -4.7% for the month) and gold, which helps explain the metal's positive returns. The US dollar subsequently had its worst month since September 2010[[7]](#endnote-7). US REITs rose 6.0% in November but are down -21.0% for the year, hurt by 2022's elevated inflation.

Relative to a globally balanced (60/40) equity/bond index, allocations to global equities and gold helped in November, while global bonds, commodities, and US REITs hurt.

Source: Zephyr Style Advisor

INDEX DEFINITIONS

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| **Asset Class** | **Index** | **Definition** |
| China | MSCI China | measures the performance of large and mid-cap shares in China including: China H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe. |
| Commodities | Bloomberg Commodity  | Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.  |
| Emerging Markets Bonds | Bloomberg Emerging Markets USD Aggregate | measures the performance of hard-currency emerging markets debt including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.  |
| Emerging Markets (EM) Equity | MSCI Emerging Markets | measures the equity market performance of countries considered to represent emerging markets.  |
| Global 60/40 Index Blend | 60% MSCI ACWI, 40% BBG Barclays Global Aggregate | measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios. |
| Global Equity | MSCI ACWI  | measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.  |
| Global Bonds | Bloomberg Global Aggregate | measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. |
| Gold | Bloomberg Sub Gold | measures the performance of futures contract on Gold and is quoted in USD. |
| International Bonds | Bloomberg Global Aggregate ex-USD | measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD. |
| International Developed Equity | MSCI EAFE | measures the equity performance of countries considered to represent developed markets, excluding the US and Canada. |
| Sector - Consumer Discretionary | S&P 500 Sector Consumer Discretionary | measures the performance of companies involved in industries such as: automobiles and components, consumer durables, apparel, hotels, restaurants, leisure, media, and retailing. |
| Sector - Industrials  | S&P 500 Sector Industrials  | measures the performance of companies in industries such as aerospace and defense, building products, construction and engineering, electrical equipment, conglomerates, machinery, commercial services and supplies, air freight and logistics, airlines, marine, road and rail, and transportation companies.  |
| Sector - Consumer Staples | S&P 500 Sector Consumer Staples | measures the performance of companies involved in the development and production of consumer products including: food and drug retailing, beverages, food products, tobacco, household products and personal products. |
| Sector - Energy | S&P 500 Sector Energy | measures the performance of companies involved in the development and production of crude oil, natural gas and provide drilling and other energy-related services. |
| Sector - Materials  | S&P 500 Sector Materials | measures the performance of companies involved in industries such as: chemicals, construction materials, containers and packaging, metals and mining, and paper and forest products. |
| Sector - Healthcare | S&P 500 Sector Healthcare | measures the performance of companies involved in health care equipment and supplies, health care providers and services, biotechnology, and pharmaceutical industries.  |
| Sector - Technology | S&P 500 Sector Technology | measures the performance of companies involved in technology hardware, storage and peripherals, software, communications equipment, semiconductors and semiconductor equipment, internet software and services, IT services, electronic equipment, instruments and components. |
| US Dollar | US Dollar Index | measures the value of the US dollar relative to the value of a 'basket' of currencies of the majority of the US's most significant trading partners. Factors the exchange rates of six major world currencies: euro, Japanese yen, Canadian dollar, British pound, Swedish krona and Swiss franc.  |
| US Bonds | Bloomberg US Aggregate | measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS sectors. |
| US Equity | S&P 500 | measures the performance of 500 leading companies in the US Constituents generally have a market-cap above $5 billion and represent approximately 80% of the investable market.  |
| US Long Treasuries | Bloomberg US Treasury Long | measures the performance of long-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of ten or more years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate and have $250 or more of outstanding face value. |
| US REIT | FTSE NAREIT All Equity REITs  | measures the performance of a comprehensive family of REIT indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors. |
| US Growth | S&P 500 Growth | measures the performance of large-cap growth stocks in the US, which are identified by sales growth, price-to-earnings and momentum. Constituents generally have a market-cap above $5 billion.  |
| US Value | S&P 500 Value | measures the performance of value stocks in the US, which are identified by sales growth, price-to-earnings and momentum. Constituents generally have a market-cap above $5 billion.  |
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1. [Monthly Market Summary: November 2022 (rothschildandco.com)](https://www.rothschildandco.com/en/newsroom/insights/2022/12/wm-monthly-market-summary-november-2022/) [↑](#endnote-ref-1)
2. [China signals slight Covid policy easing, without any major change (cnbc.com)](https://www.cnbc.com/2022/12/01/china-signals-slight-covid-policy-easing-without-any-major-change.html) [↑](#endnote-ref-2)
3. [Hang Seng still in bear market territory despite best month since 1998 (cnbc.com)](https://www.cnbc.com/2022/12/02/hang-seng-still-in-bear-market-territory-despite-best-month-since-1998.html) [↑](#endnote-ref-3)
4. [Key inflation measure that the Fed follows rose 0.2% in October, less than expected (cnbc.com)](https://www.cnbc.com/2022/12/01/key-inflation-measure-that-the-fed-follows-rose-0point2percent-in-october-less-than-expected-.html) [↑](#endnote-ref-4)
5. [Emerging market stocks and bonds stage powerful rebound rally | Financial Times (ft.com)](https://www.ft.com/content/a81fb8d6-3aae-4206-ab6f-81fd07fd6b01) [↑](#endnote-ref-5)
6. [Stocks rally, yields and dollar fall as Powell signals slower hikes | Reuters](https://www.reuters.com/markets/global-markets-wrapup-1-2022-11-30/) [↑](#endnote-ref-6)
7. [Dollar dips as Powell says rate hikes may slow | Reuters](https://www.reuters.com/markets/currencies/dollar-near-one-week-high-traders-prepare-powell-payrolls-tests-2022-11-30/) [↑](#endnote-ref-7)