

This marketing communication is for Professional Clients, Financial Advisers, Qualified Clients/Sophisticated Investors (as defined in the important information at the end).



# Overview

- Buoyed by cooling inflation and expectations for dovish monetary policy in 2024, global equity markets finished an overall upbeat year on a strong note.
- Federal Reserve chair Jay Powell announced new forecasts pointing to 75 basis points worth of cuts in 2024. Across the Atlantic, investors are pricing in a rate cut from the European Central Bank (ECB) in March 2024.
- The Chinese equity market moved lower in December as Moody's cut its credit rating for the country and reports surfaced that borrowers were defaulting on loans in record numbers.

### Europe

European equity markets wrapped up a strong year by moving higher in December driven by hopes of more accommodative monetary policy from major central banks next year. Real estate, industrials and materials were the best performing sectors over the month, while energy was the only sector to post negative returns as lower oil price weakened the sector.

In line with expectations, the European Central Bank (ECB) kept interest rates at 4.0% for the second consecutive meeting. Although the ECB forecast consumer price growth would continue to decline gradually over the next year, markets are pricing in a rate cut in March 2024.

The flash purchasing managers' composite index (PMI) for the eurozone fell to 47, below expectations and down from the previous month of 47.6. The index, which measures activity at both services and manufacturing companies across the eurozone, is below 50, indicating businesses are contracting.

While the eurozone inflation rate was at 2.4% in November, close to the ECB's 2% target, some economists expect a small uptick in the coming months due to some tax changes and a lower basis of year-on-year comparison.

## UK

The UK equity market closed higher in December despite disappointing gross domestic product (GDP) releases. The UK market also closed up for the year, trailing rival markets in Europe and US.

The Bank of England (BoE) held interest rates at 5.25%, a 15-year high. The Monetary Policy Committee (MPC) said interest rates would be higher for an "extended period of time," with the governor of the BoE Andrew Bailey adding there was still some way to go before inflation hits its target.

The Office for National Statistics (ONS) figures showed UK inflation, driven by slowing fuel, food and recreation prices, fell sharply to 3.9% in November, down from 4.6%. The bigger than expected fall has brought forward market expectations of a rate cut to the first half of 2024.

UK GDP fell unexpectedly in October, falling 0.3% between September and October due to lower services activity and contracting manufacturing and construction output.

## US

All three major US indices closed higher in the month, with the Dow Jones and S&P 500 nearing record highs following the US Federal Reserve's dovish pivot. With US Treasury yields falling and strong labour market data, investors ended the year growing more confident of a possible "soft landing" where the US economy avoids a recession.

US inflation eased slightly to 3.1% from 3.2% and US Treasury secretary Janet Yellen confirmed inflation was coming down "meaningfully."

Providing a boost to markets, the Fed kept interest rates on hold at a 22-year high and announced a more dovish forecast, pointing to 75 basis points worth of cuts next year. The decision to hold rates at 5.25% - 5.5% was accompanied by the dot plot, which showed rates at 4.5% - 4.75% at the end of 2024.

## Asia

Asian equity markets rose with all countries registering gains except China. The top performing markets in the region were Australia, India and Singapore. Sector performance was broadly strong with utilities, materials and real estate steering while communication services detracted.

In China, communication services, health care and real estate were the weakest performing sectors, while utilities and information technology registered modest returns. Credit ratings agency Moody's cut China's credit outlook, citing risks to growth and a property sector crisis. Concerns about the Chinese economy were highlighted in early December following a report that Chinese borrowers were defaulting on loans at record numbers.

Australian equity markets were the standout performer across the wider Asia-Pacific region with all sectors positive over the period. Third quarter GDP was revised up to 2.1%, and the Reserve Bank of Australia (RBA) elected to keep rates unchanged in December at 4.35%, in line with forecasts.

## Emerging markets

Emerging market (EM) equities finished the month positively but lagged developed markets slightly. EM investor sentiment was bolstered by the belief that interest rates may have peaked in developed markets and that rate cuts in 2024 might be on the horizon. Utilities, information technology and materials drove gains while communication services detracted. Equity markets in Latin America (LatAm) were the best performing regionally with all countries finishing the month positively.

The top performers at a country level were Peru, Colombia and Mexico. Turkey, Egypt and China, lagged their peers over the period. Equity markets in South Korea saw strong sector performances across the board with health care being the standout performer. Indian equity markets also had a solid month in December with all sectors positive.

## Fixed income

Growing confidence that leading central banks could cut interest rates in 2024 due to falling inflation rates boosted the performance of global bond markets in December. US treasuries, UK gilts and German bunds returned 3.41%, 5.78% and 3.36% respectively. (ICE BofA data, local

currency returns). The strong year-end rally ensured that 2023 was a positive year for sovereign bonds.

Investor optimism that US borrowing costs are heading lower was bolstered by the Fed's preferred measure of inflation falling more than expected in November. The cooling inflation rate came after the Fed signalled 75 basis points (bps) of interest rates cuts for 2024, raising hopes that the US economy is set for a soft landing (a cyclical slowdown that avoids a recession).

In contrast to the Fed's dovish tone, ECB President Christine Lagarde pushed back on imminent cuts to interest rates by reaffirming that borrowing costs would remain at record highs, despite lower inflation expectations.

# Europe

- European markets made good gains in December, ending a good year for returns
- Eurozone PMIs fell
- Some economists anticipate small uptick in inflation

European equity markets moved higher in December on hopes of softer monetary policy from major central banks next year, capping a strongly positive year. Real estate, industrials and materials were the best performing sectors over the month, while energy was the only sector to post negative returns in December as a weakening oil price weighed on the sector.

The ECB kept interest rates at 4.0% as expected for the second consecutive meeting. The ECB forecast consumer price growth would continue to decline gradually over the next year, with the Central Bank saying there was still “work to be done.” However, markets are pricing in a rate cut in March 2024. The ECB also announced that reinvestments under its pandemic emergency purchase programme (PEPP), a temporary asset purchase scheme, would complete at the end of 2024.

Flash PMI for the eurozone fell to 47, down from the previous month of 47.6. The index, which measures activity at both services and manufacturing companies across the eurozone, is below 50, indicating businesses are contracting. This was lower than forecasts, as job cuts and falls in new orders add to fears of a looming downturn.

German business sentiment decreased in December as the Ifo Business Climate Index fell to 86.4, down from 87.2, with consensus estimates expecting a rise this in January. With both the Ifo and PMIs falling, this suggests that Germany closed the year with declining activity, pointing to a contracting economy.

While the eurozone inflation rate was at 2.4% in November, close to the ECB’s 2% target, some economists expect a small uptick in the coming months due to some tax changes and a lower basis of year-on-year comparison. Core inflation (which excludes energy and food), however, is expected to continue its fall.

Elsewhere, Spanish Prime Minister Pedro Sánchez announced the extension of a windfall tax on banks and energy companies by an extra year. However, in an amendment designed to soften the blow for some energy companies, there will be a tax break for green investments.

- Interest rates remained unchanged
- Inflation fell sharply
- Disappointing GDP figures released

The UK equity market closed higher in December, despite disappointing GDP releases, as inflation continues to fall. The UK market also closed up for the year although it did trail rival markets in Europe and US.

The BoE held interest rates at 5.25%, a 15-year high. The MPC said interest rates would be higher for an “extended period of time,” with the governor of the BoE Andrew Bailey adding there was still some way to go before inflation hits its target. The guidance was in stark contrast compared to the Fed, which buoyed markets opening the door to interest rate cuts in the new year.

The ONS figures showed UK inflation fell sharply to 3.9% in November, down from 4.6%. This was lower than consensus forecasts, with slowing fuel, food and recreation prices being the main drivers. The bigger than expected fall has brought forward market expectations of a rate cut in the first half of 2024. Core inflation, which excludes energy and food prices, fell from 5.7% to 5.1%.

UK GDP fell unexpectedly in October, with GDP falling 0.3% between September and October. Figures from the ONS showed GDP was driven lower by falling services activity and contracting manufacturing and construction output. Revised figures show the UK economy contracted in the third quarter, modestly at 0.1%, a downward revision from 0.0%.

UK wage growth slowed in the three months to October, as ONS data also showed that vacancies continued to decline. According to data from the ONS, average total pay grew at an annual rate of 7.3% (excluding bonuses) in the three months to October in comparison to a year ago. An easing jobs market, a slowing economy and inflation falling could see the BoE start cutting rates earlier than anticipated next year.

UK consumer confidence rose for the second consecutive month in December, shown by a survey done by research group GfK. The consumer confidence index, a measure of how people view their personal finances and wider economic prospects, has increased as wages begin to rise faster than inflation, and mortgage rates are down from their summer peak.

# Fixed Income

- Strong year-end rally on increasing confidence that borrowing costs will be reduced over coming months ensured 2023 was a positive year for government and corporate bonds.
- Despite falling inflation rates, major central banks diverge on when the first interest rate cuts will come
- The Fed's dovish tone not matched by the ECB and BoE

Growing confidence that leading central banks could cut interest rates in 2024 due to falling inflation rates boosted the performance of global bond markets in December. US Treasuries, UK gilts and German bunds returned 3.41%, 5.78% and 3.36% respectively (ICE BofA data, local currency returns). The strong year-end rally ensured that 2023 was a positive year for sovereign bonds.

Investor optimism that US borrowing costs are heading lower was bolstered by the Fed's preferred measure of inflation falling more than expected in November. The core personal consumption expenditures price index, which strips out volatile energy and food prices, rose by just 0.1% month on month. The figure takes the six-month annualised rate down to 1.9%, just below the Fed's official 2% inflation target.

The cooling inflation rate came after the Fed signalled 75 bps of interest rates cuts for 2024, raising hopes that the US economy is set for a soft landing (a cyclical slowdown that avoids a recession). The US labour market remains strong with job growth picking up in November with nonfarm payrolls increasing by 199,000.

In contrast to the Fed's dovish tone, ECB President Christine Lagarde pushed back on imminent cuts to interest rates by reaffirming that borrowing costs would remain at record highs despite lower inflation expectations. While the eurozone inflation rate slowed to 2.4% in November, close to the ECB's 2% target, some economists expect it to rebound somewhat in the coming months due to some tax changes and a lower basis of year-on-year comparison. Futures markets still expect the ECB to start cutting interest rates by the second quarter of 2024. In a small policy

change, the ECB unveiled plans to phase out its last surviving bond-buying scheme – a legacy of the Covid-19 pandemic.

Debate as to when the BoE may reduce interest rates from their 15-year high intensified following news that UK consumer price growth fell sharply to 3.9%, well below 4.4% expectations. In another encouraging development, UK food inflation decelerated to 6.7% in December, its lowest level in 18 months. Similar to the ECB, the BoE insisted it would not be rushed into lowering rates, preferring to wait for conclusive evidence in the labour market that they have done enough to return inflation to its 2% target. Revised GDP figures showed that the UK economy was on the brink of a recession.

Corporate bond markets finished the year on a positive footing, delivering broad-based gains in December. In the investment grade space, sterling bonds led the advance, returning 4.96% with dollar and euro-denominated bonds gaining 4.04% and 2.76% respectively (ICE BofA data, local currency returns). Credit spreads narrowed with sterling, dollar and euro spreads moving from 144 bps to 134 bps, 111 bps to 104 bps and 145 bps to 136 bps respectively.

It was also a positive month for US and European currency (€/£) high yield bonds. For the calendar year, high yield outperformed investment grade corporate and government bonds (according to data from ICE BofA).

# Asia

- Asian equity markets rose with equity investors responding well to the US Fed indicating that there could be rate cuts in 2024.
- Chinese equities lagged the region and registered negative returns off the back of draft gaming regulation and growth concerns.
- Australian equity markets led the gains in the wider Asia-Pacific region followed by India and Singapore.

Asian equity markets rose with all countries registering gains except China, which lagged. The top performing markets in the region were Australia, India and Singapore. Sector performance was broadly strong with utilities, materials and real estate steering while communication services detracted.

Chinese equity markets fell in December with communication services, health care and real estate detracting the most and utilities and information technology registering modest returns. Credit ratings agency Moody's cut its credit outlook to negative for China with the agency citing risks to growth and a property sector crisis. Concerns about the Chinese economy were highlighted in early December after it was reported that Chinese borrowers were defaulting on loans at record numbers. China's deflationary issues deepened as the CPI figure for November fell from -0.2% to -0.5%, despite expectations it would rise to -0.1%. On a brighter note, industrial production and retail sales both rose, but this failed to dispel doubts about the growth prospects of the world's second-biggest economy. In mid-December, Chinese regulators announced a wide range of rules to reduce spending on online video games, which saw Chinese gaming stocks decline before regaining slightly.

Equity markets in South Korea saw strong sector performance across the board, with health care being the standout performer. CPI inflation came in below the 3.7% forecast, recorded at 3.3%. The fall in inflation was attributed to lower energy prices and an easing of fresh food prices. Industrial production came in stronger than expected while the unemployment rate rose from 2.5% to 2.8%. Indian equity markets also had a solid month in December with all sectors positive. The Reserve Bank of India chose to keep rates at 6.5% and CPI inflation rose from 4.9% to 5.6%, which was below the 5.7% expectation.

In Japan, equity markets were buoyed by positive sector performances from materials and information technology. CPI inflation was 2.7%, which was unchanged from the previous month. The third quarter GDP figure was revised down from -2.1% to -2.9% while imports and exports both came in below expectations.

Australian equity markets were the standout performer across the wider Asia-Pacific region with all sectors positive over the period. Third quarter GDP was revised up to 2.1%, which was lower than

the 2.3% expectation. Unemployment ticked up slightly in November from 3.8% to 3.9% despite estimations that it would stay at 3.8%. The RBA elected to keep rates unchanged in December at 4.35%, which was in line with forecasts. RBA board minutes showed that a rate increase had been considered, but the board concluded that there was evidence that inflation was weakening and that they would wait for more data.

Singapore was a top performer despite mixed economic data releases. The unemployment rate for third quarter and core CPI were both unchanged and in line with expectations, while CPI inflation fell below the 3.8% expectation to 3.6% from a previous figure of 4.7%. Industrial production came in at 1.0%, which was below the 3.1% expectation and 7.6% figure previously recorded.

# Emerging Markets

- EM equities finished the month positively drawing support from the Fed, indicating that there could be rate cuts in 2024.
- LatAm led the gains at a regional level.
- Turkey, Egypt, China and the Czech Republic lagged their peers over the period.

EM equities finished the month positively but lagged developed markets slightly. EM investor sentiment was bolstered by the belief that interest rates may have peaked in developed markets and that rate cuts in 2024 might be on the horizon. Utilities, information technology and materials drove gains while communication services detracted. The top performers at a country level were Peru, Colombia and Mexico. Turkey, Egypt and China, lagged their peers over the period.

Chinese equity markets fell in December with communication services, health care and real estate detracting the most and utilities and information technology registering modest returns. Credit ratings agency Moody's cut its credit outlook to negative for China with the agency citing risks to growth and a property sector crisis. Concerns about the Chinese economy were highlighted in early December after it was reported that Chinese borrowers were defaulting on loans at record numbers. China's deflationary issues deepened as the CPI figure for November fell from -0.2% to -0.5%, despite expectations it would rise to -0.1%. On a brighter note, industrial production and retail sales both rose, but this failed to dispel doubts about the growth prospects of the world's second-biggest economy. Chinese regulators announced in mid-December a wide range of rules to reduce spending on online video games, which saw Chinese gaming stocks decline before regaining slightly.

Equity markets in South Korea saw strong sector performances across the board with health care being the standout performer. CPI inflation came in below the 3.7% forecast, recorded at 3.3%. The fall in inflation was attributed to lower energy prices and an easing of fresh food prices. Industrial production came in stronger than expected while the unemployment rate rose from 2.5% to 2.8%. Indian equity markets also had a solid month in December with all sectors positive. The Reserve Bank of India chose to keep rates at 6.5% and CPI inflation rose from 4.9% to 5.6%, which was below the 5.7% expectation.

Equity markets in LatAm were the best performing regionally with all countries finishing the month positively. Brazilian equities rose over the period with financials, utilities and industrials steering solid sector gains across the board. Data out of Brazil was mixed with industrial production coming in just below the 1.3% expectation recorded at 1.2%. The third quarter GDP figure was revised to 2.0%, which was above the 1.9% forecast. The Central Bank of Brazil cut interest rates by 50 basis points as inflation fell below expectations from 4.8% to 4.7%. Elsewhere the retail sales figure for October was revised to 0.2%, which was below the 1.8% forecast and previous figure of 3.2%. In Mexico, inflation ticked up slightly from 4.26% to 4.32%, which was just below the 4.40% expectation. Industrial production surpassed the 4.2% expectation recorded at 5.6%.

In Europe, the Middle East and Africa (EMEA), performance at a country level was mixed with Poland, Saudi Arabia and South Africa leading the gainers and Turkey, Egypt and the Czech Republic amongst the biggest detractors.



- Strong month for US equity markets
- Inflation eased further
- The US Fed indicated rate cuts in 2024

All three major US indices closed higher in the month with the Dow Jones and S&P 500 nearing record highs following the Fed's dovish pivot. With US Treasury yields falling and strong labour market data, investors ended the year growing more confident of a possible "soft landing" where the US economy avoids a recession.

US inflation eased slightly to 3.1%, from 3.2%, with US Treasury secretary Janet Yellen confirming inflation was coming down "meaningfully." However, Core CPI (strips out energy and food costs) remained unchanged year-on-year at 4.0%.

The Fed kept interest rates on hold at a 22-year high, with a cooling economy and inflation pressures easing behind the move. Fed Reserve chair Jay Powell announced new forecasts pointing to 75 basis points worth of cuts next year, a more dovish outlook than what was previously announced, which buoyed markets. The decision to hold rates at 5.25% - 5.5% was accompanied by the dot plot, which showed rates at 4.5% - 4.75% at the end of 2024.

US jobs growth was stronger than expected in November in a sign of labour market strength as unemployment fell to 3.7% from 3.9%. US employers added 199,000 jobs in November, with the robust data bolstering hopes that the Fed can achieve a soft landing.

US third quarter GDP was revised to 4.9%, down from the initial 5.2%, as consumer spending was not as high as previously thought. Growth estimates for the fourth quarter range from 1.1% to 2.7%. Growth is expected to be slower due to a wider trade deficit and slower pace of inventory building relative to the previous quarter.



## Government Bonds

Yield to maturity<sup>1</sup> (%)

	Current	1 month	3 months	6 months	12 months
US Treasuries 2 year	4.25	4.68	5.04	4.90	4.43
US Treasuries 10 year	3.88	4.33	4.57	3.84	3.87
US Treasuries 30 year	4.03	4.49	4.70	3.86	3.96
UK Gilts 2 year	3.98	4.61	4.90	5.27	3.58
UK Gilts 10 year	3.54	4.18	4.44	4.39	3.67
UK Gilts 30 year	4.14	4.69	4.90	4.42	3.96
German Bund 2 year	2.40	2.82	3.20	3.20	2.76
German Bund 10 year	2.02	2.45	2.84	2.39	2.57
German Bund 30 year	2.26	2.69	3.04	2.39	2.55

Source: Bloomberg LP, Merrill Lynch data. Data as at 31 December 2023. The yield is not guaranteed and may do down as well as up.

## Corporate Bonds

Yield to maturity<sup>1</sup> (%) / Spread<sup>2</sup> (bps)

	Current	1 month	3 months	6 months	12 months					
£ AAA Investment Grade Corporate	4.29	56	4.97	57	5.32	66	5.67	86	4.64	88
£ AA	4.43	71	5.16	76	5.55	93	5.90	106	4.83	106
£ A	4.93	110	5.64	118	5.98	131	6.33	147	5.40	160
£ BBB	5.55	167	6.26	181	6.67	197	7.00	213	6.20	236
£ High Yield	9.13	526	9.77	526	10.44	574	10.74	558	10.43	669
£ BB	7.40	342	8.07	347	8.62	383	8.91	370	8.77	494
€ AAA Investment Grade Corporate	2.76	70	3.20	71	3.75	90	3.49	89	3.17	65
€ AA	3.10	95	3.58	99	3.97	103	3.83	109	3.51	99
€ A	3.45	120	3.93	127	4.34	133	4.21	142	3.92	138
€ BBB	3.85	158	4.38	171	4.80	177	4.71	187	4.63	202
€ High Yield	6.51	396	7.20	432	7.64	445	7.53	446	7.73	498
€ BB	5.50	288	6.14	320	6.62	337	6.52	341	6.51	372
European High Yield (inc € + £)	6.80	411	7.48	442	7.94	459	7.87	458	8.00	515

Source: Bloomberg LP, ICE BofA. Data as at 31 December 2023. The yield is not guaranteed and may do down as well as up.

<sup>1</sup> Yield to maturity – is the total return anticipated on a bond if the bond is held until it matures.

<sup>2</sup> Credit spread – difference in yields offered by corporate bonds over government bonds, that have similar maturity but different credit quality.

## Global currency movements – figures to 31 December 2023

	Current value	Change Over:															
		1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)
Euro/US Dollar	1.10	1.4	4.4	1.2	3.1	3.1	-5.8	-6.9	8.9	-2.2	-4.5	14.1	-3.2	-10.2	-10.2	-12.0	1.8
Euro/GB Sterling	0.87	0.5	0.0	0.9	-2.1	-2.1	5.2	-5.9	5.7	-5.9	1.2	4.1	15.8	-5.1	-5.1	-6.5	-2.6
Euro/Swiss Franc	0.93	-2.5	-4.0	-4.9	-6.1	-6.1	-4.6	-4.0	-0.4	-3.5	-3.8	9.2	-1.5	-9.5	-9.5	-2.0	-0.7
Euro/Swedish Krona	11.14	-2.6	-3.6	-5.4	-0.2	-0.2	8.4	2.4	-4.3	3.4	3.2	2.7	4.4	-2.9	-2.9	6.7	-3.8
Euro/Norwegian Krone	11.22	-4.7	-0.8	-4.2	6.9	6.9	4.7	-4.4	6.5	-0.6	0.6	8.3	-5.4	6.6	6.6	8.1	-5.2
Euro/Danish Krone	7.46	0.0	0.0	0.1	0.2	0.2	0.0	-0.1	-0.4	0.1	0.3	0.2	-0.4	0.2	0.2	-0.2	0.4
Euro/Polish Zloty	4.34	-0.3	-6.1	-2.0	-7.3	-7.3	2.1	0.6	7.2	-0.8	2.7	-5.1	3.4	-0.6	-0.6	3.2	-8.7
Euro/Hungarian Forint	383.39	0.8	-1.6	2.8	-4.1	-4.1	8.2	1.8	9.5	3.1	3.3	0.4	-1.9	-0.4	-0.4	6.5	-7.5
US Dollar/Yen	141.04	-4.8	-5.6	-2.3	7.6	7.6	13.9	11.5	-4.9	-1.0	-2.7	-3.7	-2.7	0.4	0.4	13.7	12.8
US Dollar/Canadian Dollar	1.32	-2.3	-2.5	0.0	-2.3	-2.3	7.3	-0.7	-2.0	-4.7	8.5	-6.5	-2.9	19.1	19.1	9.4	-2.9
US Dollar/South African Rand	18.36	-2.6	-3.0	-2.6	7.8	7.8	6.9	8.5	5.0	-2.4	15.9	-9.9	-11.2	33.7	33.7	10.3	4.7
US Dollar/Brazilian Real	4.86	-1.3	-3.5	1.5	-8.0	-8.0	-5.3	7.3	29.0	4.0	17.1	1.8	-18.0	49.1	49.1	12.7	9.5
US Dollar/South Korean Won	1288.10	-0.2	-4.5	-2.3	1.8	1.8	6.4	9.4	-6.0	3.6	4.2	-11.4	3.0	6.7	6.7	4.1	-7.1
US Dollar/Taiwan Dollar	30.71	-1.7	-4.9	-1.4	0.0	0.0	11.0	-2.2	-5.8	-2.2	3.1	-7.6	-2.1	4.0	4.0	6.1	-3.9
US Dollar/Thai Baht	34.14	-3.0	-6.2	-3.7	-1.3	-1.3	3.6	11.5	-0.1	-7.9	-0.1	-9.0	-0.8	9.7	9.7	0.1	-3.1
US Dollar/Singapore Dollar	1.32	-1.3	-3.4	-2.4	-1.4	-1.4	-0.7	2.0	-1.8	-1.2	2.0	-7.7	2.0	7.0	7.0	4.9	-5.8
US Dollar/GB Sterling	0.79	-0.8	-4.2	-0.2	-5.1	-5.1	12.0	1.0	-3.0	-3.8	5.9	-8.6	19.4	5.7	5.7	6.3	-4.4
GB Sterling/South African Rand	23.30	-2.1	0.9	-2.7	13.1	13.1	-4.6	7.4	8.2	1.3	9.6	-1.3	-25.7	26.5	26.5	3.7	9.3
Australian Dollar/US Dollar	0.68	3.1	5.9	2.2	0.0	0.0	-6.2	-5.6	9.6	-0.4	-9.7	8.3	-1.1	-10.9	-10.9	-8.3	1.8
New Zealand Dollar/US Dollar	0.63	2.7	5.4	3.2	-0.5	-0.5	-7.0	-5.0	6.6	0.3	-5.3	2.4	1.5	-12.4	-12.4	-5.1	6.6

Source: Bloomberg, all figures subject to rounding.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

Global equity and commodity index performance – figures to 31 December 2023

(%)

	1month	3months	6months	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Global US &amp; Canada</b>															
MSCI World (US\$)	4.9	11.5	7.8	24.4	24.4	-17.7	22.4	16.5	28.4	-8.2	23.1	8.2	-0.3	5.6	5.6
MSCI World Value (US\$)	5.4	9.5	7.6	12.4	12.4	-5.8	22.8	-0.3	22.8	-10.1	18.0	13.3	-4.0	4.5	4.5
MSCI World Growth (US\$)	4.5	13.4	7.9	37.3	37.3	-29.0	21.4	34.2	34.2	-6.4	28.5	3.2	3.5	6.6	6.6
MSCI World Small Cap (US\$)	9.7	12.6	7.8	16.4	16.4	-18.4	16.2	16.5	26.8	-13.5	23.2	13.2	0.8	2.3	2.3
MSCI Emerging Markets (US\$)	3.9	7.8	4.8	10.1	10.1	-19.8	-2.3	18.8	18.8	-14.3	37.8	11.8	-14.6	-2.0	-2.0
FTSE World (US\$)	4.9	11.6	7.9	24.2	24.2	-17.5	21.0	16.4	27.8	-8.7	24.1	8.7	-1.4	4.8	4.8
Dow Jones Industrials	4.9	13.1	10.7	16.2	16.2	-6.9	20.9	9.7	25.3	-3.5	28.1	16.4	0.2	10.0	10.0
S&P 500	4.5	11.7	8.0	26.3	26.3	-18.1	28.7	18.4	31.5	-4.4	21.8	11.9	1.4	13.7	13.7
NASDAQ	5.6	13.8	9.4	44.7	44.7	-32.5	22.2	45.0	36.7	-2.8	29.7	9.0	7.1	14.8	14.8
Russell 2000	12.2	14.0	8.2	16.9	16.9	-20.5	14.8	19.9	25.5	-11.0	14.6	21.3	-4.4	4.9	4.9
S&P/TSX Composite	3.9	8.1	5.7	11.8	11.8	-5.8	25.2	5.6	22.9	-8.9	9.1	21.1	-8.3	10.5	10.5
<b>Europe &amp; Africa</b>															
FTSE World Europe ex-UK €	3.7	7.7	4.9	18.5	18.5	-11.9	25.1	2.9	27.6	-10.5	12.9	3.2	10.7	7.2	7.2
MSCI Europe	3.7	6.5	4.3	16.5	16.5	-9.0	25.8	-2.8	26.8	-10.1	10.8	3.2	8.8	7.5	7.5
CAC 40	3.3	5.9	2.3	20.1	20.1	-6.7	31.9	-5.0	30.5	-8.1	12.5	8.8	11.9	2.5	2.5
DAX	3.3	8.9	3.7	20.3	20.3	-12.3	15.8	3.5	25.5	-18.3	12.5	6.9	9.6	2.7	2.7
Ibex 35	0.7	8.2	7.3	28.1	28.1	-2.0	10.5	-12.7	16.5	-11.5	11.3	2.5	-3.7	8.5	8.5
FTSEMIB	2.1	8.4	9.0	34.3	34.3	-9.4	26.8	-3.3	33.8	-13.6	16.9	-6.5	15.8	3.0	3.0
Swiss Market Index (capital returns)	2.6	1.6	-1.3	3.8	3.8	-16.7	20.3	0.8	26.0	-10.2	14.1	-6.8	-1.8	9.5	9.5
Amsterdam Exchanges	2.8	8.4	2.9	17.2	17.2	-11.4	30.5	5.5	28.5	-7.4	16.5	13.6	7.3	8.7	8.7
MSCI EM Europe, Middle East and Africa (US\$)	4.3	6.9	5.8	10.5	10.5	-35.3	24.1	-7.3	19.9	-7.4	16.5	22.8	-14.5	-28.2	-28.2
FTSE/JSE Africa All-Share (SA)	2.0	6.9	3.3	9.3	9.3	4.0	29.3	7.1	12.1	-8.4	21.0	2.8	5.3	10.9	10.9
<b>UK</b>															
FTSE All-Share	4.5	3.2	5.1	7.7	7.7	0.2	18.3	-9.7	19.1	-9.5	13.1	16.8	0.9	1.2	1.2
FTSE 100	3.9	2.3	4.4	7.7	7.7	4.6	18.4	-11.4	17.2	-8.8	12.0	19.2	-1.4	0.7	0.7
FTSE 250	8.2	8.6	8.7	8.0	8.0	-17.4	16.9	-4.6	28.9	-13.3	17.8	6.7	11.2	3.7	3.7
FTSE Small Cap ex Investment Trusts	8.8	6.5	9.6	10.4	10.4	-17.3	31.3	1.7	17.7	-13.8	15.6	12.5	13.0	-2.7	-2.7
FTSE TechMARK 100	7.7	5.0	-0.7	6.1	6.1	-7.5	13.6	7.3	39.2	-4.9	9.8	10.0	16.6	12.3	12.3
<b>Asia Pacific &amp; Japan</b>															
Hong Kong Hang Seng	0.2	-3.9	-7.9	-10.5	-10.5	-12.6	-11.8	-0.2	13.0	-10.6	41.3	4.3	-3.9	5.3	5.3
China SE Shanghai Composite (capital returns)	-1.7	-4.2	-5.6	-1.0	-1.0	-12.8	7.0	16.5	25.3	-22.7	8.8	-10.5	11.2	58.0	58.0
Singapore Times	5.5	1.4	3.5	4.7	4.7	8.4	13.6	-8.1	9.4	-6.5	22.0	3.8	-11.3	9.6	9.6
Taiwan Weighted (capital returns)	3.0	9.8	7.9	31.3	31.3	-18.8	26.9	27.0	28.8	-5.0	19.4	15.5	-6.9	11.2	11.2
Korean Composite (capital returns)	4.8	7.7	3.8	19.6	19.6	-23.2	5.6	33.8	10.0	-15.4	23.9	5.2	4.1	-3.5	-3.5
Jakarta Composite (capital returns)	2.7	4.8	9.2	10.5	6.2	4.1	10.1	-5.1	1.7	-2.5	20.0	15.3	-12.1	22.3	22.3
Philippines Composite (capital returns)	3.6	2.0	-0.3	1.0	-1.8	-7.8	-0.2	-8.6	4.7	-12.8	25.1	-1.6	-3.9	22.8	22.8
Thai Stock Exchange	2.7	-3.4	-4.8	-12.7	-12.7	3.5	17.7	-5.3	4.3	-8.1	17.3	23.9	-11.2	19.1	19.1
Mumbai Sensex 30	7.8	10.0	12.2	20.3	20.3	5.8	23.2	17.2	15.7	7.2	29.6	3.5	-3.7	32.0	32.0
Hang Seng China Enterprises index	-1.4	-6.0	-7.9	-10.7	-10.7	-15.6	-21.2	0.0	14.5	-10.0	29.6	1.4	-16.9	15.5	15.5
ASX 200	7.3	8.4	7.6	14.0	14.0	0.5	18.7	2.3	25.0	-1.5	13.4	13.4	4.2	7.1	7.1
Topix	-0.2	2.0	4.5	28.2	28.2	-2.5	12.8	7.4	18.1	-16.0	22.2	0.3	12.1	10.3	10.3
Nikkei 225 (capital returns)	-0.1	5.0	0.8	30.9	28.2	-9.4	4.9	16.0	18.2	-12.1	19.1	0.4	9.1	7.1	7.1
MSCI Asia Pac ex Japan (US\$)	4.6	7.8	4.4	7.9	7.9	-17.0	-2.5	23.1	19.8	-13.5	37.8	7.4	-8.8	3.5	3.5
<b>Latin America</b>															
MSCI EM Latin America (US\$)	8.4	17.8	12.3	33.6	33.6	9.6	-7.7	-13.6	17.8	-6.2	24.2	31.4	-30.9	-12.1	-12.1
MSCI Mexico (US\$)	9.5	18.8	11.2	41.5	41.5	-1.6	22.9	-1.7	11.6	-15.4	16.2	-9.1	-14.4	-9.3	-9.3
MSCI Brazil (US\$)	7.3	18.1	13.9	33.4	33.4	14.6	-17.1	-18.9	26.7	-0.1	24.5	66.7	-41.2	-13.8	-13.8
MSCI Argentina (US\$)	4.6	36.1	17.0	66.5	66.5	35.8	20.9	12.3	-20.7	-50.8	73.6	5.1	-0.4	19.2	19.2
MSCI Chile (US\$)	6.0	6.8	-3.5	6.4	6.4	23.3	-14.7	-4.2	-16.2	-18.9	43.6	16.8	-16.8	-12.2	-12.2
<b>Commodities</b>															
Oil - Brent Crude Spot (US\$/BBL)	-3.7	-19.4	3.5	-4.6	-4.6	5.5	49.2	-25.0	35.5	-23.7	20.9	44.8	-31.4	-47.8	-49.7
Oil - West Texas Intermediate (US\$/BBL)	-5.7	-21.1	1.4	-10.7	-10.7	4.2	58.7	-20.5	34.5	-24.8	12.5	45.0	-30.5	-45.9	-45.9
Reuters CRB index	-3.2	-6.0	3.4	0.0	0.0	22.0	38.5	-9.3	11.8	-10.7	1.7	9.7	-23.4	-17.9	-17.9
Gold Bullion LBM (US\$/Troy Ounce)	2.1	11.1	8.7	14.6	14.6	0.4	-4.3	23.9	19.1	-1.3	11.9	9.1	-11.4	-0.2	-0.2
Baltic Dry index	-28.7	23.1	91.9	38.2	38.2	-31.7	62.3	25.3	-14.2	-7.0	42.1	101.0	-38.9	-65.7	-65.7

Source: Bloomberg, total returns in local currency unless otherwise stated.

An investment cannot be made into an index directly. The performance data shown relates to a past period. Past performance does not predict future returns.

---

## Risk warnings

---

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

---

## Important information

---

Data as of 31 December 2023 unless stated otherwise.

This marketing communication is exclusively for use by Professional Clients and Financial Advisers in Continental Europe as defined below, Qualified Clients/Sophisticated Investors in Israel and Professional Clients in Cyprus, Dubai, Ireland, Isle of Man, Jersey, Guernsey, Malta and the UK. It is not intended for and should not be distributed to, or relied upon, by the public. By accepting this material, you consent to communicate with us in English, unless you inform us otherwise. This is marketing material and not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals, they are subject to change without notice and are not to be construed as investment advice. **For the distribution of this communication, Continental Europe is defined as Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Kosovo, Liechtenstein, Luxembourg, The Netherlands, North Macedonia, Norway, Portugal, Romania, Spain, Sweden and Switzerland. Issued by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg; Invesco Asset Management, (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland; Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority; Invesco Asset Management Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany.** Israel: This communication may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this communication should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Investors are encouraged to seek competent investment advice from a locally licensed investment advisor prior to making any investment. Neither Invesco Ltd. Nor its subsidiaries are licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder.