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Although in a slowdown phase, the global economy continues to show resilience. In the US, domestic consumption even appears to be picking up slightly as households continue to draw on their excess savings from the pandemic. Business investment also remains robust thanks to high profits which are only at the beginning of a likely weakening phase. In the euro area, government relief measures to reduce energy bills are supporting both private consumption and industrial production. In China, cyclical weakness continues, with much economic activity still hamstrung by the zero-covid policy, which is preventing a significant improvement, despite the introduction of a wide range of measures to address the persistent weakness in the property sector. In Japan, third quarter GDP fell by 0.3% quarter-on-quarter, largely due to technical factors contributing to a one-off increase in imports. Most components of GDP, such as domestic consumption, investment spending and exports, rose. Given the 12 to 18 months lag between monetary tightening and its impact on real activity, the global slowdown is expected to deepen over the next year.

In the US, inflation seems to be starting to ease after peaking at 9.1% in June. The headline inflation rate fell from 8.2% in September to 7.7% in October. Excluding energy and food, inflation fell from 6.6% to 6.3%. The PCE (personal consumption expenditure) core price index, which is the Federal Reserve's favourite price indicator, changed from 5.2% to 5.0%. In the euro area, inflation slowed for the first time after 16 consecutive months of increases. From October to November, headline inflation fell from 10.6% to 10.0%. Excluding energy and food, it remained unchanged at 5.0%.

In both the US and Europe, the US Federal Reserve and the European Central Bank have hinted at a 50 basis point increase in their main policy rate at their next meeting in mid-December. Such a move would mark a reduction in the upward momentum from the 75 basis point increases previously made on both sides of the Atlantic. Despite the likely slowing of the upward pace, the end of the central bank tightening cycle does not yet seem in sight.

The release of lower than expected US inflation triggered an easing in long term interest rates. In the US, the 10-year government bond yield fell from 4.05% to 3.61%. Eurozone bond markets followed their US counterparts, with the benchmark 10-year rate falling from 2.14% to 1.93% in Germany, from 2.67% to 2.40% in France, from 4.29% to 3.87% in Italy and from 3.22% to 2.94% in Spain. Year-to-date, the JP Morgan EMU Government Bond Index remains down 14.1%.

In November, equity markets continued to rebound as falling inflation fuelled hopes of a moderation in monetary tightening and hence a soft landing for the global economy. The MSCI All Country World Index Net Total Return in euro terms rose by 3.4% during the month. The

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rise in the index in euro terms would have been much greater had it not been held back by the rebound in the European currency. Thus, at the regional level, the S&P 500 in the US rose by 5.4% (in USD), the Stoxx 600 in Europe by 6.8% (in EUR) and the Topix in Japan by 2.9% (in JPY). The MSCI Emerging Markets index even gained 14.6% (in USD), thanks to the rebound of Chinese equities from their October slump and hopes of a gradual easing of China's strict zero Covid policy. At the sector level, materials and industrials gained the most, while energy and healthcare were the worst performers.

After the weakness seen since the beginning of the year, the euro rebounded strongly against the dollar, rising from 0.99 to 1.04 over the month. The decline in the dollar had a positive impact on precious metals prices. After seven consecutive months of decline, the price of an ounce of gold rose by 8.3% from USD 1,634 to USD 1,769. The price of an ounce of silver rose from USD 19.2 to USD 22.2, an increase of 15.8%.

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It should also be noted that past performance of a financial instrument is not a guide to future performance.