

MARKET UPDATE

Welcome to our weekly newsletter, where the Manager summarises the key market developments over the last seven days.

The Noise

US department stores are ready for holiday season as early moves to stock up pay off. Macy's and Kohl's Corp raised their full-year sales outlook on Thursday, signalling the department store operators have sidestepped supply-chain snarls and were well stocked for the all-important holiday season.



The Biden administration has a new response to soaring Oil and gasoline prices as it sees it as politically perilous: blaming Big Oil. It comes just a day after President Joe Biden wrote to the Federal Commission to probe possible illegal conduct in the US gasoline markets in a letter in which he expressed concern about the difference between pump prices and the cost of wholesale fuel, while citing what he said was “mounting evidence of anti-consumer behaviour by Oil and gas companies”.

In one of the markets' more interesting pockets, Rivian — an electric vehicle automaker and automotive technology company — IPO'd recently and has since overtaken German giant Volkswagen as its market value topped \$140 billion.



The Numbers

GBP Performance to 18/11/21	1 Week	YTD	Absolute Level
Equity GBP Total Return (MSCI)			
UK (MSCI UK)	-2.00%	16.70%	7092
Europe (MSCI Europe)	-1.50%	17.10%	8759
US (MSCI USA)	0.30%	27.00%	13215
Japan (MSCI Japan)	0.20%	5.70%	8155
Emerging Markets (MSCI Emerging)	-1.50%	1.60%	627
Fixed Income GBP Total Return			
UK Government (Barclays Sterling Gilts Index)	-0.40%	-4.90%	302
Investment Grade Hedged (Barclays Global Aggregate Corporate Bond Index)	-0.40%	-1.10%	321
High Yield Bonds Hedged (Barclays Global High Yield Index)	-0.30%	2.20%	564

GBP Performance to 18/11/21	1 Week	YTD	Absolute Level
Currency Moves			
GBP vs USD	0.90%	-1.30%	1.34
GBP vs EUR	1.60%	6.10%	1.19
GBP vs JPY	1.10%	9.20%	153
Commodities GBP Return			
Gold (in £)	-1.10%	-0.90%	1385
Oil (in \$)	-4.10%	67.60%	79

Source: Bloomberg, data as at 18/11/2021

The Nuance

Equities and bonds remain in a bit of a holding pattern, with equities in the highs as investors look towards identifying where inflation and growth will move to next. A key part of investing is time. It takes time for companies to build new products and build new business, and it takes time for earnings and dividends to be accrued and paid. Supply chain issues also continue to persist as lead times for manufacturing inputs recently reached record highs.

A key area of focus remains on interest rates and when they might start to move. More importantly, the Manager remains interested as to how far the total move will be. Another important question is what will happen if the inflationary backdrop goes out of control.



Quote of the week

“ULEZ: Commuter ‘windsurfs’ to protest cost of driving.” Source: BBC News

London’s Ultra Low Emission Zone (ULEZ), in which drivers of older, more polluting vehicles are liable for a daily charge, has expanded. It means videographer George Alting has to pay an additional £12.50 a day to drive in the zone — something he has to do often when transporting filming equipment to shoots.

The 25-year-old from Croydon wonders if the scheme is ‘simply just a price increase’ and whether the city is ready. So, he attached a sail to a skateboard to protest against the expansion.

City Hall previously said it did not expect to make money, but, if it does, the funds would be put back into other transport schemes.

Source: BBC News



For more information on VAM Funds, please contact us at sales@vam-funds.com or on +230 465 6860

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