

# Independence Asset Advisors

## MONTHLY MARKET REVIEW – November 2023

	Nov 2023	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	9.13%	20.80%	13.84%	9.76%	12.51%	11.82%
U.S. Small Cap Equities Russell 2000	9.05%	4.20%	-2.57%	1.13%	4.78%	6.13%
Energy Infrastructure Equities Alerian U.S. Midstream	6.69%	21.52%	14.75%	32.83%	12.43%	5.98%
Core Infrastructure MSCI World Core Infrastructure	7.84%	2.62%	0.58%	3.38%	3.97%	3.87%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	10.77%	3.58%	-1.84%	4.93%	2.26%	6.05%
Global Equities MSCI All Country World Index	9.23%	16.60%	12.01%	5.69%	9.07%	7.60%
International Developed Equities MSCI EAFE	9.28%	12.27%	12.36%	3.80%	5.99%	3.89%
Emerging Market Equities MSCI Emerging Markets	8.00%	5.70%	4.21%	-4.04%	2.34%	2.12%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	4.53%	1.64%	1.18%	-4.47%	0.71%	1.37%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	6.35%	3.98%	4.28%	-0.96%	2.03%	2.77%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	4.53%	9.37%	8.69%	1.37%	4.15%	4.27%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	1.22%	11.48%	11.94%	5.66%	4.91%	4.29%

## MARKET UPDATE

- Global markets rallied in November amid signs of economic moderation in the U.S. and lower inflation results across developed market economies.
- Economic data indicators supported the opinion that central banks were nearing the end of tightening.
- In the U.S., large cap stocks gained 9.1%, with “value” outperforming “growth” by 0.8% (S&P 500).
- Real estate reported a double-digit gain in November, supported by higher demand and lower inventory.
- Non-U.S. equities also performed well, supported by larger-than-expected declines in headline and core inflation, and strong retail sales growth in China amid an infusion of liquidity from the Peoples Bank of China.
- Fixed income indexes were broadly positive in November as yields declined and inflows were positive.
- The Bloomberg U.S. Aggregate Index yielded 5.1%; high yield/loans yielded 8.4% and 10.9%, respectively.
- After eclipsing 5% in October, the yield on the U.S. 10-year Treasury fell below 4.4% by the end of November.

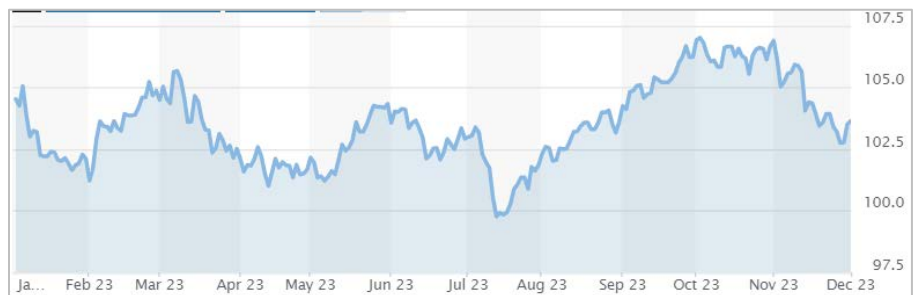
Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, The Economist, StatisticsCanada, Bloomberg, Capital Economics, Reuters, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics

## IAA's WATCH LIST:

Category	Comments
<b>Growth</b>	<ul style="list-style-type: none"> <li>The U.S. economy grew at a 5.2% annualized pace in the third quarter.</li> <li>Looking ahead, guidance suggests the current pace of growth is unsustainable amid signs of weaker consumer spending, higher personal debt, tight financial conditions and lower business spending.</li> </ul>
<b>Profits</b>	<ul style="list-style-type: none"> <li>With 98.6% of market cap having reported, the current estimate for operating earnings per share (EPS) is \$52.36.</li> <li>If realized, this would represent year-over-year earnings growth of 4.0%.</li> <li>Revenue growth provided the strongest support, adding 4.0%.</li> </ul>
<b>Jobs</b>	<ul style="list-style-type: none"> <li>The U.S. economy likely added 190,000 jobs in November, up from 150,000 in the October, according to preliminary estimates.</li> </ul>
<b>Inflation</b>	<ul style="list-style-type: none"> <li>Core PCE (Personal Consumption Expenditure) inflation, which excludes food and energy, rose 0.2% in the month of October and 3.5% on a year-over-year basis, matching expectations.</li> <li>These results were down compared to the September results.</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>The federal funds rate ended November unchanged at 5.25% to 5.50%.</li> <li>Despite lower inflation results and signs that the U.S. economy was cooling, the Fed announced in its November minutes that it is “determined to hold policy rates at elevated levels for an extended period.”</li> </ul>

## CANADA:

- The U.S. dollar index (DXY) decreased 3.0% in November and was flat year-to-date (see chart to the right), while the U.S. dollar weakened 2.1% against the Canadian dollar to end the month with an exchange rate of **1.35**.
- The Bank of Canada's policy rate remained unchanged at 5.00% in November.
- The Canadian economy unexpectedly contracted at an annualized rate of 1.1% in the third quarter, considerably lower than guidance from Reuters (+0.2%) and the Bank of Canada (+0.8%).
- The lower result avoided a technical recession, defined as two consecutive quarters of negative growth, after second quarter results were upwardly revised to a 1.4% gain (up from a 0.2% decline).
- The third quarter growth deceleration stemmed from a decrease in exports and slower inventory accumulation, which was partially offset by a favorable improvement in new housing construction.
- Guidance suggests the Bank of Canada may begin to cut interest rates as early as Q2 2024.



## COMMODITIES:

### OIL:

- **The price of crude oil was \$75.57 per barrel (WTI).**
- Oil prices declined \$5.45 per barrel, or 6.7%, in November.
- The monthly price decline was attributable to an increase in U.S. supply and the failure of OPEC+ members to adhere to production quotas.
- **Oil is forecasted to trade between \$78 and \$85 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2023	\$78.12	\$93.84	\$66.74	-6%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

### COPPER:

- **The price of copper was \$3.83 USD per pound.**
- Copper prices increased \$0.19 per pound, or 5.2%, in November.
- Copper prices increased in November amid supply concerns and expectations for higher demand. Supply is expected to be negatively impacted by the closure of First Quantum Minerals Ltd (Panama), which produces 1.5% of the world supply.
- **Copper is forecasted to trade between \$3.85 per pound and \$4.06 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2023	\$3.88	\$4.29	\$3.57	0%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

### ALUMINUM:

- **The price of aluminum was \$2,193 USD per tonne.**
- Aluminum prices decreased \$58.50 per tonne, or 2.6%, in November.
- Aluminum prices decreased in November as the market appeared to be oversupplied amid ongoing demand challenges. Looking ahead, the price outlook may be better than suggested in the forecast, as production is expected to decline amid lower capacity ceilings for smelters and expected lower production from China due to winter power shortages.
- **Aluminum is forecasted to trade between \$2,192 USD/tonne and \$2,083 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2023	\$2,294	\$2,662	\$2,122	-8%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

## Disclosures:

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