

Market Summary

Stock markets were strong across the board, breaking new records. Last week, the S&P 500 Index TR (+1.7%) closed at a new all-time high, the Dow Jones Industrial Average Index TR (US cyclical stocks +12.1% in Nov.) and the Russell 2000 Index TR (US Small Cap stocks +18.4% in Nov.) recorded their best monthly performance since 1987 and 1978 respectively. Investor optimism was strong toward risky assets [See Chart of the Week] boosted by positive news flows regarding the COVID-19 vaccine pipeline and a possible USD 908B fiscal stimulus deal that could be reached between Democratic and Republican. On the macro front, China PMI (52.1 in Nov.) expanded for a ninth time in a row, while US data were behind expectations. US job creation (245,000) missed the consensus significantly. US retail sales (+0.3% MoM) recorded its smallest monthly increase since May. Despite weak US macro data released last week, the long-term treasury yields surged significantly (US10Y +13bps) on rising hopes for further fiscal support and a faster than expected COVID-19 vaccine deployment. On the currency front, broad based US Dollar weakness was again the major theme driving FX markets with EURUSD closing at 1.2121 this week (+1.32%). Finally, industrial metals such as Palladium (+9.6%) recorded a strong weekly performance. For the week ahead, some important Job data and inflation indicators in the US will be watched closely while news flow regarding Brexit negotiations will be monitored as the deadline for a trade deal is approaching.

Currencies

	Rate	Δ Week	YTD	12 Months
EUR vs USD	1.2121	1.32%	8.10%	9.16%
GBP vs USD	1.3441	0.98%	1.39%	2.16%
JPY vs USD	104.17	-0.10%	4.27%	4.39%
AUD vs USD	0.7425	0.51%	5.75%	8.65%
BRL vs USD	5.13	3.63%	-22.07%	-18.84%
ZAR vs USD	15.20	0.37%	-7.95%	-3.67%
CNY vs USD	6.53	0.71%	6.61%	7.85%
MUR vs USD	39.80	0.22%	-8.77%	-8.26%
MUR vs EUR	48.24	-1.43%	-15.85%	-16.19%
MUR vs GBP	53.48	-1.08%	-8.00%	-8.00%
MUR vs ZAR	2.61	-0.02%	-0.64%	-4.70%

* A +1.00% change in A vs B means an appreciation of 1.00% of currency A versus currency B

Equities

	Value	Δ Week	YTD	12 Months
S&P 500	3,699	1.72%	16.49%	19.69%
DOW JONES	30,218	1.16%	8.28%	10.34%
EUROSTOXX 50	3,539	0.36%	-2.98%	-1.56%
FTSE 100	6,550	2.89%	-10.36%	-6.49%
DAX	13,299	-0.28%	0.38%	1.00%
CAC 40	5,609	0.24%	-4.02%	-2.34%
ASX 200	6,634	0.52%	3.25%	2.71%
NIFTY	13,259	2.23%	10.52%	12.79%
SHANGHAI COMP	3,445	1.07%	15.11%	21.01%
JSE AFRICA ALSI	59,419	2.83%	7.00%	10.52%
SEMDEX	1,607	1.45%	-25.51%	-23.73%

Fixed Income

	2Y (%)	Δ Week	10Y (%)	Δ Week
United States	0.15	- 0.00	0.84	0.13
Germany	-0.76	0.01	-0.59	0.04
United Kingdom	-0.04	0.01	0.28	0.07
Italy	-0.42	0.01	0.59	0.03
France	-0.68	- 0.01	-0.35	0.04
Australia	0.09	0.01	0.90	0.09
China	-	n/a	3.32	- 0.01
South Africa	-	n/a	8.96	- 0.00
India	3.92	- 0.06	5.91	- 0.09
Mauritius	1.32	- 0.08	2.89	0.03

Commodities

	Value	Δ Week	YTD	12 Months
Commodity Index	74.3	-0.69%	-8.14%	-5.02%
Crude Oil WTI	49.3	2.22%	-25.38%	-22.31%
Brent Oil	46.3	1.60%	-24.24%	-20.39%
Gold (ounce)	1,838.9	2.86%	21.20%	24.58%
Silver	24.2	7.14%	35.47%	42.55%
Palladium	1,060.6	9.59%	9.73%	18.08%
Copper	351.4	3.37%	25.63%	31.39%
Iron Ore	980.0	5.32%	41.01%	47.81%
Wheat	566.5	-5.03%	1.39%	7.19%
Sugar	14.4	-2.56%	7.60%	12.90%

Chart of the Week

The Great Rotation - The light at the end of the tunnel!



The upswing in US cyclical stocks has been broad-based over the last weeks, the drivers supporting such great rotation trend from defensive to cyclical stocks are just emerging. The combination of the vaccine effect and the US election outcome on investor sentiment is strong for the pandemic's losers such as US cyclical stocks. Market participants are seeing the light at the end of the tunnel. Further fiscal stimulus and easy monetary policy that is expected to continue in a foreseeable future support the case for a rotation into higher-risk areas such as US Small Mid Cap and Value stocks.

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