



NOVEMBER 2021 REVIEW

30TH NOVEMBER 2021

Risk appetite turned sharply lower in November, with fears over the new “Omicron” variant of Covid-19 weighing on investor sentiment.

The market reaction was shelter in government bonds and US dollar, while equities and high yield credit sold off. The oil price fell sharply due to concern over global demand.

Towards month end, markets then had to digest warnings that the Federal Reserve was considering a swifter tapering of asset purchases due to the inflationary pressures (the US consumer price index rose 6.2% year over year in October, the highest level since 1990).

The US 10-year Treasury yield fell from 1.56% to 1.46% over the month and the yield curve flattened further, as the 2-year yield rose from 0.50% to 0.57%.

Such was the strength of the US dollar against sterling that US equities delivered a 2.9% for UK investors despite its 0.7% fall in local currency terms. Japanese equities experienced a similar return profile: falling 2.9% in Yen but rising 1.1% in sterling.

UK equities fell 2.2% in the month. Economically sensitive areas underperformed, including the energy and financial sectors. Industries reliant on reopening, such as the travel and leisure sector (airlines, hotels) performed particularly poorly.

At the start of the month, the Bank of England (BoE) refrained from raising interest rates against expectations - a key driver of the weak pound in November.

While commodities struggled against a backdrop of renewed Covid fears, the gold price rallied to close to US\$1,860/oz before falling back towards month end.

IMPORTANT INFORMATION

As with any investment, your capital is at risk. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Past performance is not a reliable indicator of future results. Personal opinions may change and should not be seen as advice or a recommendation. We recommend investors seek professional advice before deciding to invest.

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