

Macro Microscope

Unusual Market Trends: Signs of Regime Change?



Indrani De

Head of Global Investment
Research
FTSE Russell, LSEG



John Dioufas

Director, Datastream and
Macroeconomics
LSEG



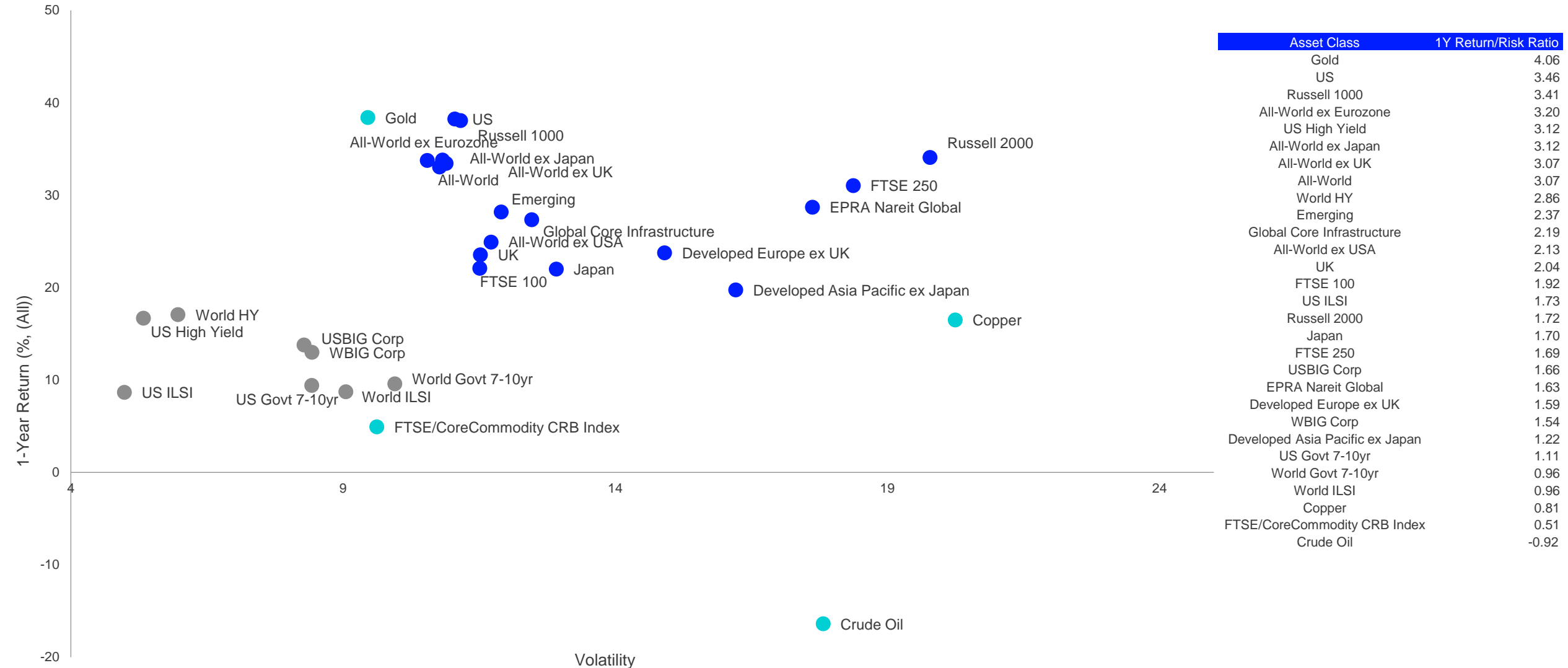
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Gold has outperformed equities in terms of return & risk-adjusted risk

One year return of Gold was also as high as Russell 1000

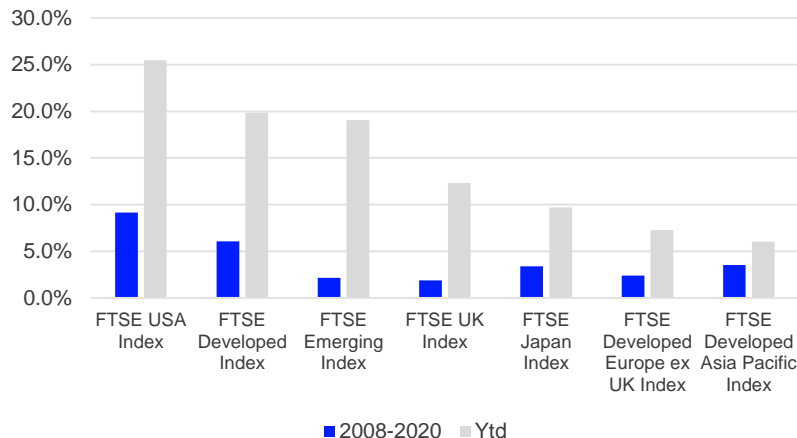


Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

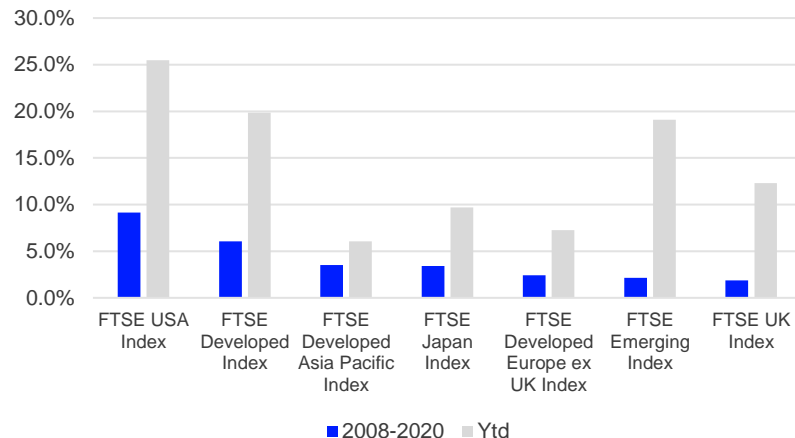
Non-US Markets performing better compared to [GFC to Covid] period

Performances of Emerging Markets, UK and Japan are significantly better compared to 2008-2020 period

Regional FTSE Index Performances (Annualized, sorted by YTD Performances)

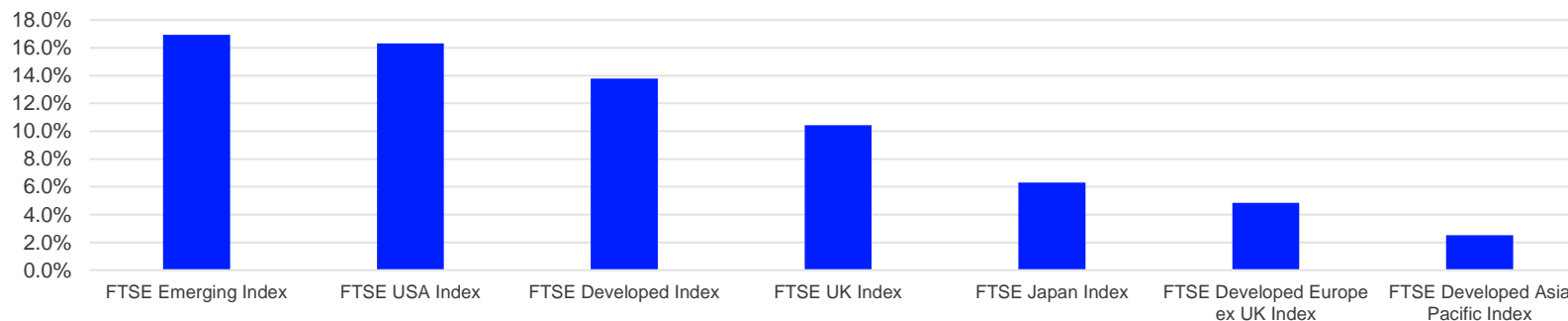


Regional FTSE Index Performances (Annualized, sorted by 2008-2020 Performances)



- Year-to-Date, Non-US Markets are performing better compared to GFC-Covid era.
- Emerging Markets, UK and Japan has performed significantly better in the first 10 months of 2024, compared to 2008-2020 period.

Difference (YTD - 2008-2020 Annualized Performances)



Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

Utilities outperform Technology Stocks year to date in the US

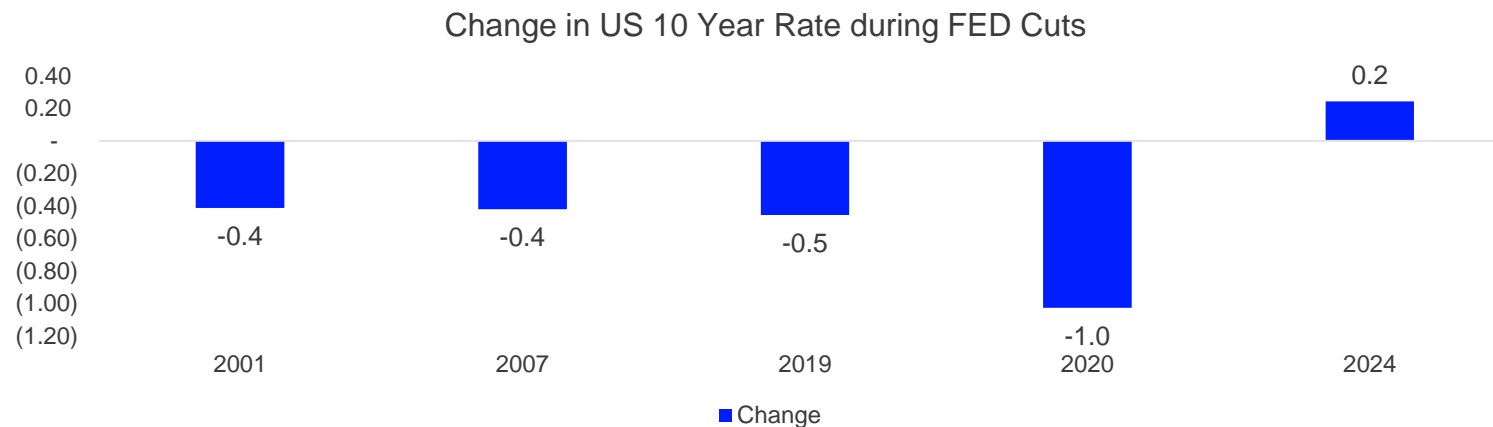
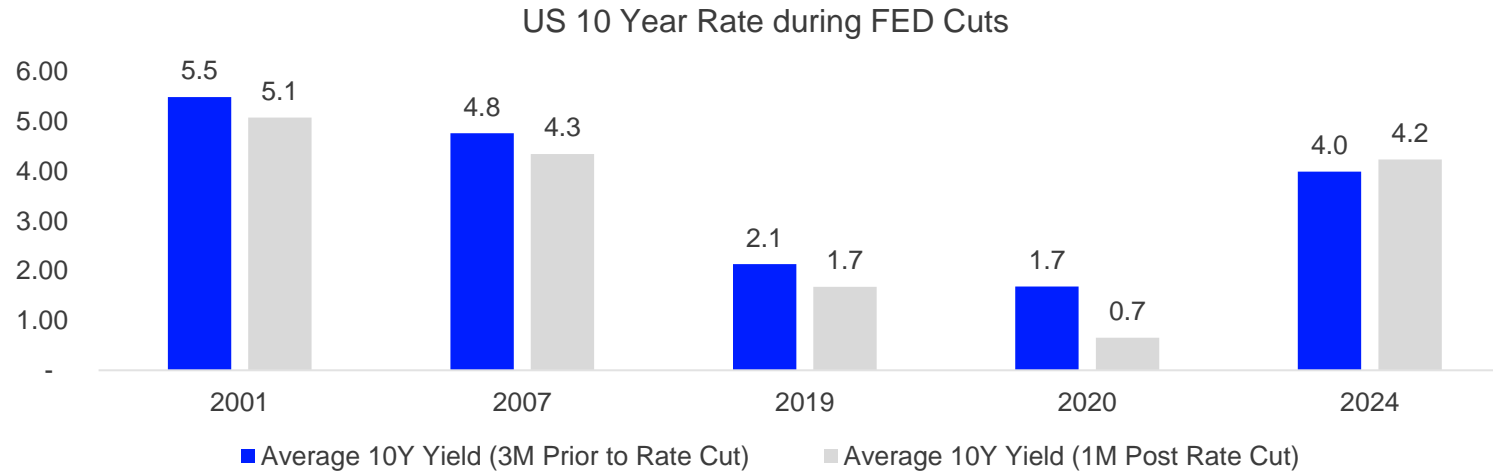
YTD Regional Industry Returns (TR, USD)

	All-World	US	UK	Dev Eur ex UK	Japan	Dev AP ex JP	Emerging
Index Return	16.2	20.8	10.2	6.0	8.0	0.7	15.7
Basic Materials	-0.3	9.1	-3.4	-4.1	-2.9	-16.1	-2.0
Consumer Disc.	11.1	15.8	13.0	-5.1	0.4	2.8	14.5
Consumer Staples	4.5	9.4	12.7	-8.8	1.9	-4.0	-2.8
Energy	6.2	9.5	-2.1	-6.3	19.6	-17.1	5.4
Financials	22.1	26.6	21.8	19.9	26.7	21.4	13.3
Health Care	9.5	9.8	5.7	9.9	10.4	4.3	4.8
Industrials	14.1	17.8	17.8	9.4	13.1	-4.2	10.6
Real Estate	7.5	9.9	-5.3	3.3	-1.9	6.1	8.1
Technology	27.8	29.8	-3.2	3.4	2.3	4.5	36.1
Telecoms	10.6	21.9	11.7	19.8	8.7	-24.9	17.0
Utilities	19.6	30.2	1.5	3.8	10.3	9.3	12.0
Range	28.1	21.0	27.1	28.7	29.6	46.3	38.9

Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

US Long-end rates increased post FED Rate cut – unusual pattern this time

Looking into last five FED rate cuts, this is an exceptional increase in 10Y rate

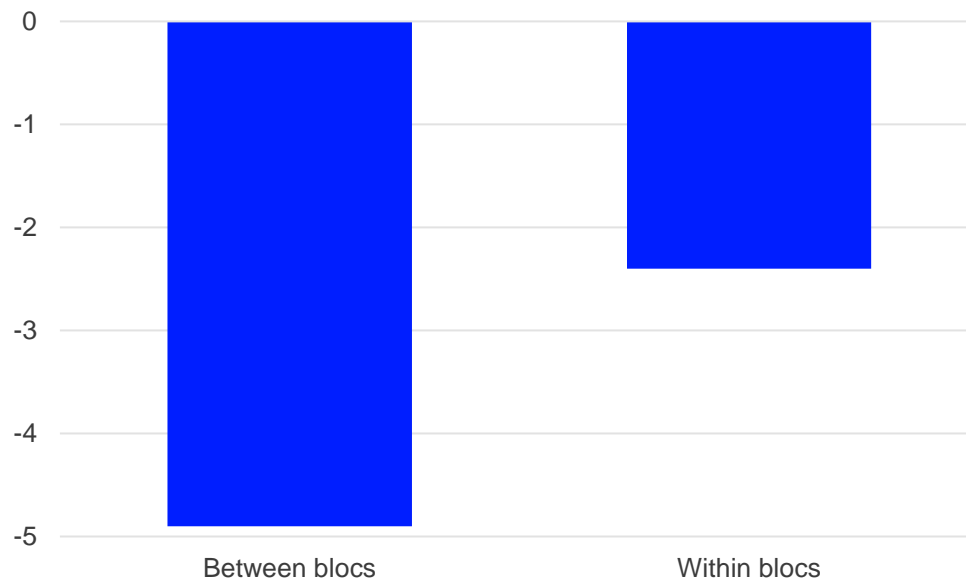


- Despite the Federal Reserve’s rate cut in September, yields on the US 10-year Treasury have been climbing, reflecting market apprehensions.
- This rise signals that investors are increasingly pricing in uncertainties surrounding the fiscal outlook, alongside a growing awareness of US’s deteriorating fiscal position.

Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

Changing landscape for Global Trade

IMF Reports that trade between the Western bloc vs the rest is declining



Source: Gopinath, Ms Gita, et al. Changing global linkages: A new Cold War?. International Monetary Fund, 2024. The average trade growth during 2022Q2-2023Q3 minus the average trade growth during 2017Q1-2022Q1 within and between blocs. Bilateral quarterly growth rates are computed as the difference in log bilateral trade, which are then aggregated using bilateral nominal trade as weight

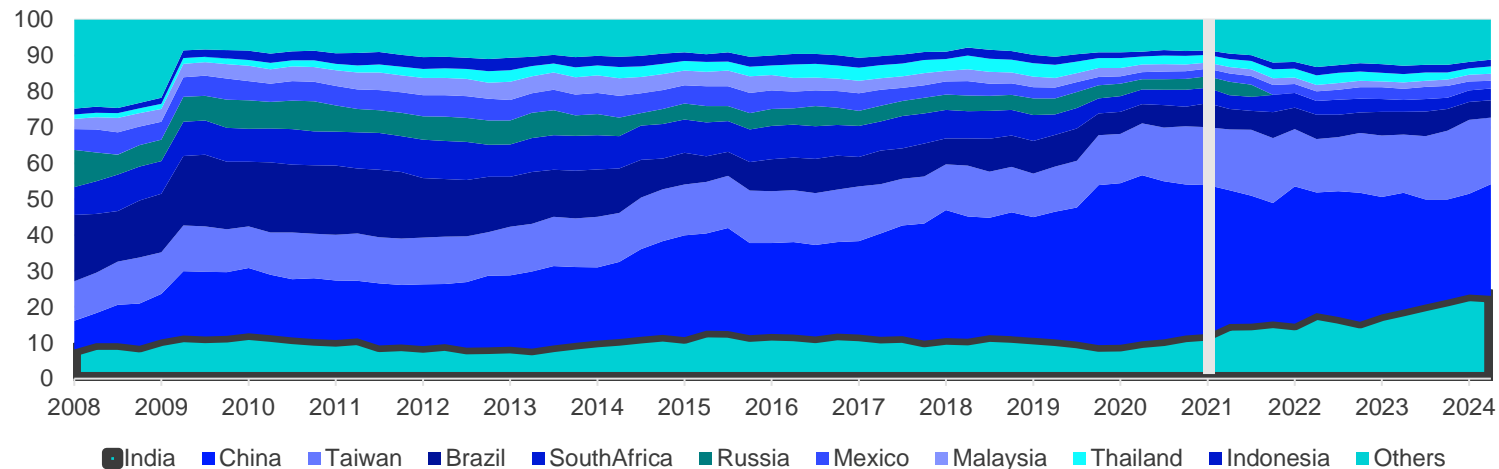
- Following years of disruptions, such as the COVID-19 pandemic and Russia's invasion of Ukraine, nations are reassessing their trade relationships with a focus on economic stability and national security.
- Since the war in Ukraine began in 2022, trade growth has slowed worldwide, with an even greater slowdown occurring between blocs that are more politically distant.

Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

India becoming a major player within Emerging Markets

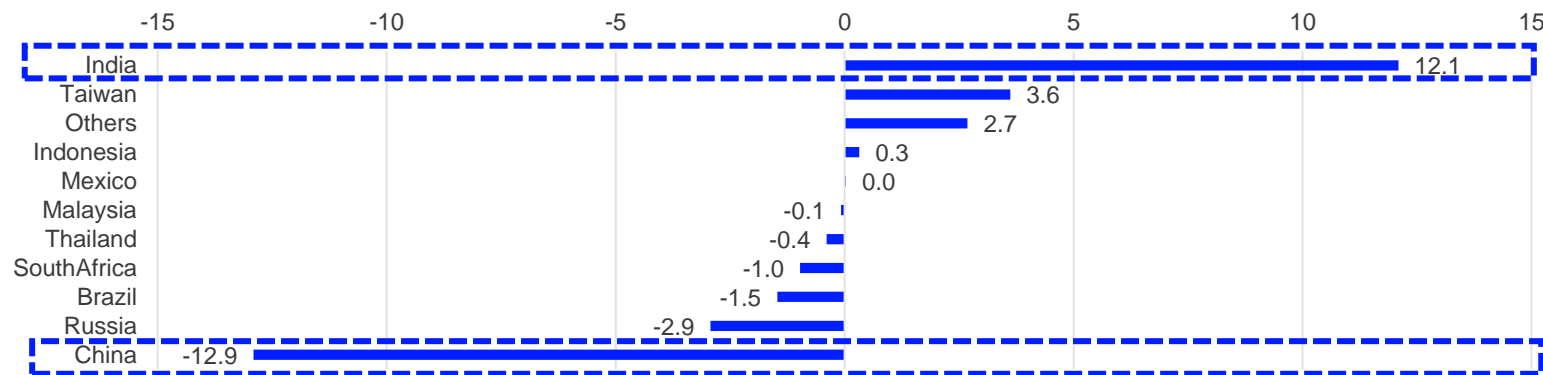
India has significantly increased its weight within FTSE Emerging Index in the last 4 years

FTSE Emerging Country Weights



- India's influence in global trade flows, particularly within emerging markets, has been steadily expanding. This shift is indicative of the country's growing economic clout and strategic focus on enhancing trade partnerships across developing economies.

Change in FTSE Emerging Country Weights - (2021-2024)



- Since 2021, India's representation within the FTSE Emerging Index has seen the most significant increase among its peers, reflecting investor confidence in its growth potential and a recognition of its pivotal role in driving regional economic activity

Source: LSEG FTSE Russell. Data to October 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

US Non-Farm Payrolls – Multiple Economic Surprises

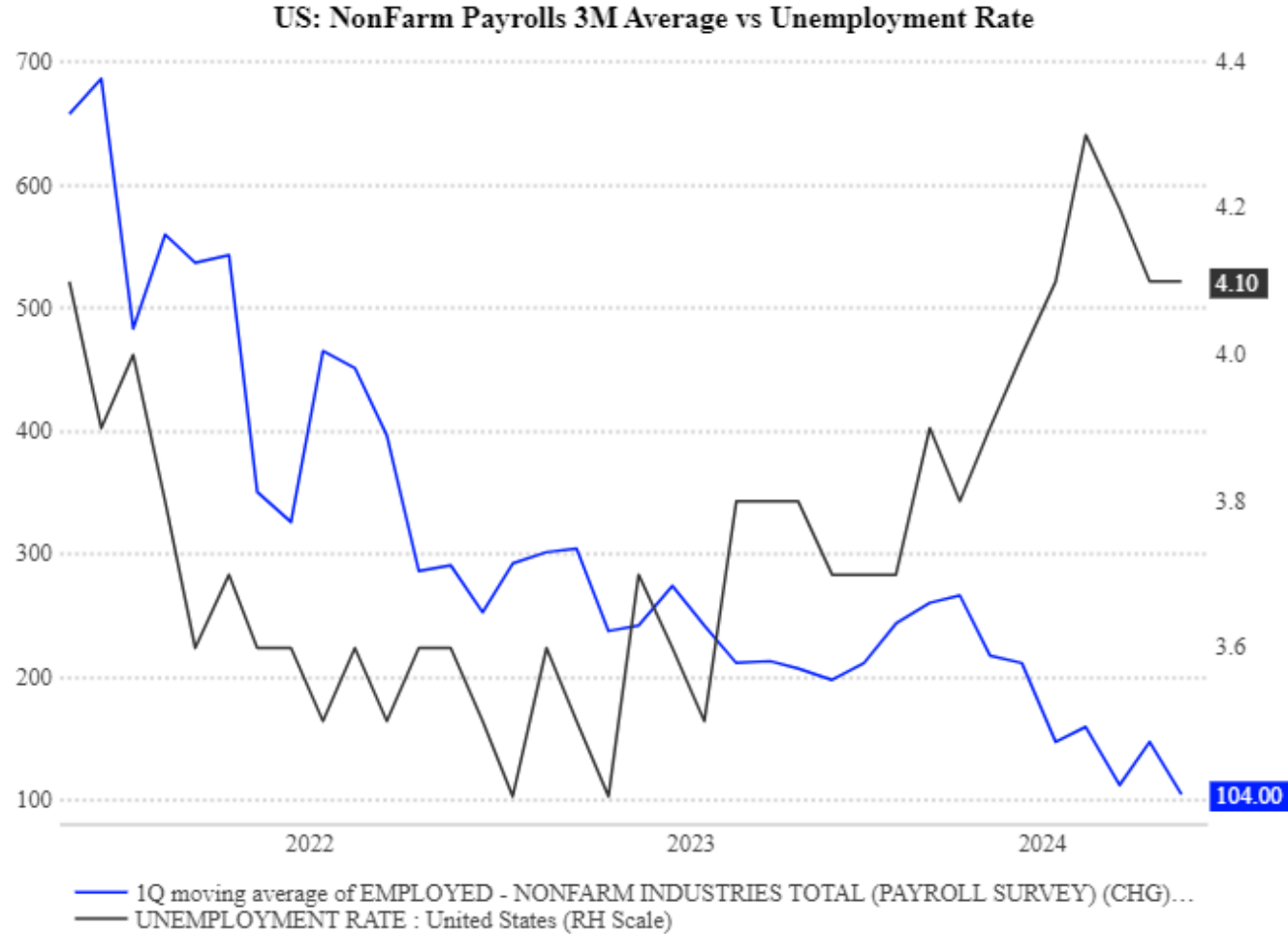
6 extraordinary economic surprises in the last 12 data releases

Local Date	Count down	Local Time				Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Min	Max	Count	Smart Economics®	Predicted Surprise
8 Dec		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Nov	180k	182k	2.0k	165k	100k	275k	74	185.1k	5.1k
5 Jan		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Dec	170k ⚡↑	290k	120.0k	182k	80k	225k	68	169.7k	-0.3k
2 Feb		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Jan	180k	256k	76.0k	290k	120k	290k	80	191.8k	11.8k
8 Mar		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Feb	200k	236k	36.0k	256k	125k	286k	72	197.6k	-2.4k
5 Apr		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Mar	200k ⚡↑	310k	110.0k	236k	150k	250k	68	208.4k	8.4k
3 May		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Apr	243k ⚡↓	108k	-135.0k	310k	150k	280k	72	240.6k	-2.4k
7 Jun		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	May	185k	216k	31.0k	108k	120k	258k	77	191.4k	6.4k
5 Jul		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Jun	190k ⚡↓	118k	-72.0k	216k	140k	250k	70	199.2k	9.2k
2 Aug		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Jul	175k	144k	-31.0k	118k	70k	225k	72	181.7k	6.7k
6 Sep		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Aug	160k ⚡↓	78k	-82.0k	144k	100k	246k	70	165.2k	5.2k
4 Oct		13:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Sep	140k ⚡↑	223k	83.0k	78k	70k	220k	73	144.3k	4.3k
1 Nov		12:30 ≈			$\frac{182}{120}$	Non-Farm Payrolls	Oct	113k	12k	-101.0k	254k	0k	200k	72	108.1k	-4.9k

Source: LSEG Workspace. Data to November 06, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

US: Non-Farm Payrolls 3M Average vs Unemployment Rate

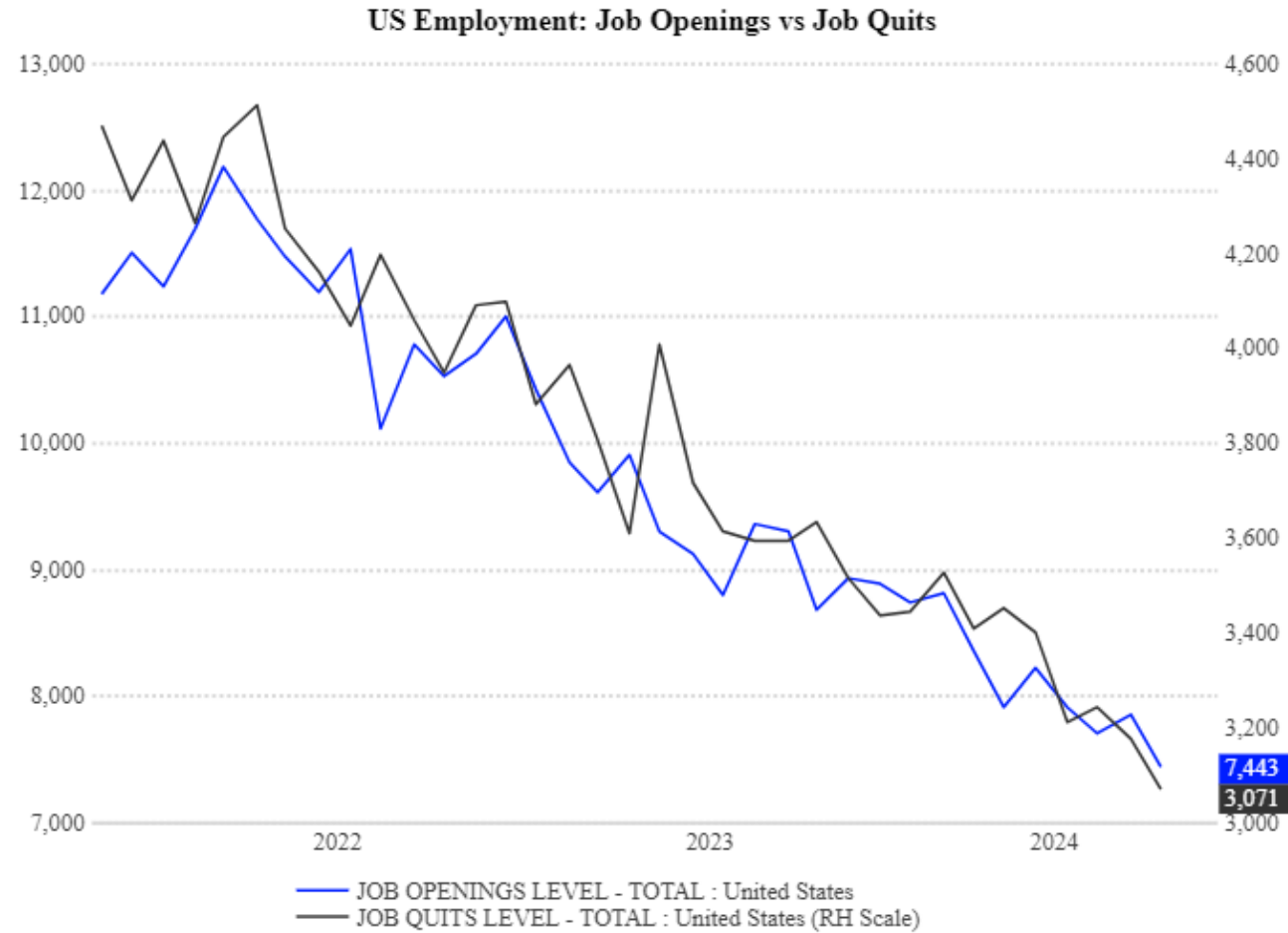
Unemployment Rate increasing while the 3M Average for Non-Farm Payrolls decreasing



Source: LSEG Datastream. Data to November 06, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures

US Employment: Job Openings vs Job Quits

Businesses and Households in the US behaving conservatively due to economic uncertainty



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