

Big UK inflation drop bolsters bets on Bank of England cuts early next year

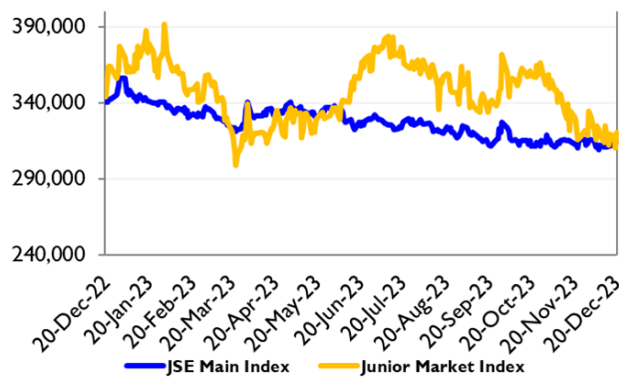
British inflation plunged in November to its lowest rate in over two years, prompting investors to pile further into bets that the Bank of England (BoE) will cut interest rates in the first half of next year. The annual rate of increase in consumer prices dropped to 3.9% from 4.6% in October, pushed down in part by cheaper petrol, for its lowest reading since September 2021, the Office for National Statistics said on Wednesday. The headline Consumer Prices Index (CPI) inflation reading was below all forecasts in a Reuters poll of economists which had pointed to a figure of 4.4%. Core and services measures of inflation - closely watched by the BoE - also dropped. Investors moved to fully price in a BoE rate cut by May 2024 and now see a nearly 50% chance of a cut by March.

The CPI inflation peaked at a 41-year high of 11.1% in October 2022, driven higher by a surge in energy prices after Russia's full-scale invasion of Ukraine, which aggravated existing bottlenecks that were pushing up prices after the COVID-19 pandemic. Officials at BoE have been cautious about whether recent signs of cooling inflation truly represent a sign that persistent, longer-run price pressures are receding, but economists said the latest figures may prompt a rethink.

Core inflation, which strips out energy and food prices, showed an unexpectedly sharp drop, falling to 5.1% from 5.7%. The rate of services inflation - which BoE officials pay particular attention to as a gauge of domestically-generated inflation - fell to 6.3% from 6.6%. The central bank has been concerned that historically high rates of wage growth will be slow to fall given workers' recent experience of inflation and a fairly tight labour market, making it hard for CPI to fall all the way back to the BoE's 2% target. Separate data showed manufacturers' raw materials costs were 2.6% lower than a year earlier, the same pace of decline as in October and the joint-biggest since July. Producer output prices fell 0.2%, slightly less than the 0.5% decrease forecast by economists in a Reuters poll.

Source: Reuters

Local Market Indices



Foreign Exchange Market

Currency	20-Dec	19-Dec	DoD % Δ	YTD % Δ
USD:JMD	155.70	155.83	-0.08%	2.40%
GBP:JMD	194.35	198.63	-2.16%	6.73%
CAD:JMD	116.93	117.00	-0.05%	7.79%

Caribbean & Latam

- Mexican headline inflation likely increased in the first half of December, a Reuters poll showed on Wednesday, while the closely monitored core rate likely continued its decline.

USA & Canada

- U.S. stocks closed lower on Wednesday after an abrupt mid-afternoon nosedive ended Wall Street's impressive rally, which had been driven by falling interest rates and the Federal Reserve's dovish turn.

Europe

- European shares gained on Wednesday on rising bets of interest rate cuts following softer inflation data from the UK and Germany, while a rise in commodity prices lifted resource stocks.

Asia

- China's blue-chip stocks hit a near 4-year low on Wednesday, as investors are gradually losing hopes for stimulus surprises and not willing to buy the dip, while Hong Kong shares rose tracking overnight Wall Street gains.

Local Equity Market

Stock Index	Today's close	DoD Δ	DoD % Δ	YTD % Δ	YoY % Δ
JSE Combined Index	328,081.90	2,409.89	0.74%	-10.99%	-6.95%
JSE Index	315,262.16	2,092.44	0.67%	-11.42%	-7.38%
All Jamaican Composite Index	351,411.76	3,444.03	0.99%	-12.82%	-7.42%
JSE Select Index	7,893.95	44.78	0.57%	-11.27%	-5.44%
Junior Market Index	3,701.34	51.10	1.40%	-7.15%	-3.07%

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
SML	14.97%	ICREATE	-32.86%
JETCON	11.27%	AMG	-12.13%
CAC	7.54%	BPOW	-11.18%

Today's combined market activity (excluding preference and deferred shares) resulted in trading of **89** stocks, of which **47** advanced, **28** declined and **14** traded firm.

International Markets

International Equity Markets					International Currency Market				
Index	20-Dec	DoD % Δ	YTD % Δ	YoY % Δ	Currency	20-Dec	DoD % Δ	YTD % Δ	YoY % Δ
S&P 500	4,698.39	-1.47%	22.37%	22.94%	EUR: USD	1.0937	-0.40%	2.17%	2.95%
Dow Jones	37,082.00	-1.27%	11.87%	12.88%	GBP: USD	1.26	-0.78%	4.55%	3.69%
FTSE All Share	4,221.18	1.10%	3.58%	4.82%	USD: CAD	1.34	0.23%	-1.40%	-1.81%
Euro Stoxx 50	4,533.82	-0.03%	19.51%	19.23%	USD: JPY	143.64	-0.14%	9.55%	9.04%
Nikkei 225	33,675.94	1.37%	16.96%	26.75%					
MSCI World Index	715.84	-0.84%	18.25%	18.72%					

Global Interest Rates					Commodities				
Rates	20-Dec	DoD Δbps	YTD Δbps	YoY Δbps	Commodity	20-Dec	DoD % Δ	YTD % Δ	YoY % Δ
10 -Year US Treasury Bond	3.85%	-8.00	-2.00	17.00	Crude Oil	73.79	0.48%	-8.06%	-3.02%
10-Year UK Gilt	3.53%	-12.00	-14.00	-7.00	Gold	2,030.71	-0.47%	11.33%	11.70%
GOJ 2025 Global Bond	6.32%	-2.00	228.00	-9.00	Silver	24.13	0.31%	0.72%	-0.15%
					Aluminium	2,241.00	-0.95%	-5.76%	-5.54%



Mutual Funds

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JN MUTUAL FUNDS

December 19, 2023

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.1866	3.31%	1.84%	3.24%
Global Equity	J\$13.9044	-1.81%	-4.64%	0.00%
Global Fixed Income	J\$14.9364	8.38%	8.37%	7.24%
Global Money Market (US\$)	US\$11.5334	1.32%	1.21%	3.17%
Global Fixed Income (US\$)	US\$11.4380	-0.04%	0.03%	3.60%
Local Money Market	J\$13.0234	7.77%	7.87%	7.35%

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Funds	Global Diversified Income Fund	Global Equity Fund
Objective	To preserve capital whilst providing US dollar (US\$) money market returns	To preserve capital whilst providing Jamaican Dollar (J\$) money market returns	To achieve an attractive total return through capital injection and income growth. This is offered through two separate Funds: (i) A Jamaican dollar (J\$) and (ii) A US dollar (US\$) fund.	To provide long-term investment growth through exposure to a diversified range of asset classes.	To provide long-term capital growth and risk diversification.
Strategy	To invest in local and global money market instruments for safety, liquidity and yield.	To invest in local and global money market instruments for safety and liquidity and yield	To invest in regional, sovereign debt securities, local and international corporate bonds.	To invest in fixed income, high dividend yielding stocks, REITs and structured products	To invest in the shares of local and international companies which offer strong growth possibilities and consistent income

With a suite of six investment portfolios, each with a distinct financial profile, JN Mutual Funds offers a premium opportunity for investors to align their personal financial strategy with their goals, time horizons and risk profile.

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