

ECB set to raise deposit rate 50 bps as euro zone enters recession

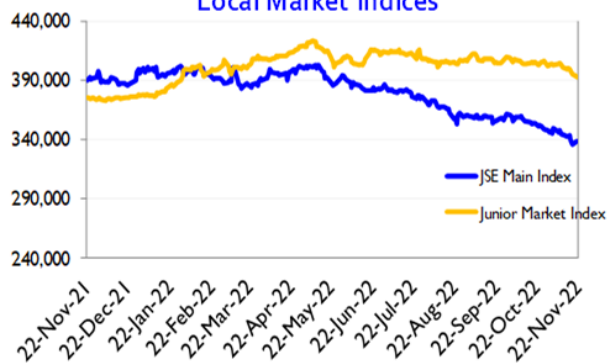
The European Central Bank will press on with policy tightening, adding 50 basis points to its deposit rate next month as it worries rapid price growth is becoming entrenched. This is despite the bloc almost certainly entering recession, a Reuters poll found.

Inflation in the region has soared due to surging energy prices following Russia's invasion of Ukraine and disrupted supply chains, reaching 10.6% last month - more than five times the ECB's 2.0% target. Initially, saying rising inflation was transitory, the central bank didn't start raising interest rates until July, later than most of its major peers, but has since raised its key rates by 200 bps. It will lift its deposit rate by another 50 bps on December 15, taking it to 2.00%, and do the same to the refinancing rate, putting it at 2.50%, according to the median forecasts in the Nov. 15-21 Reuters poll.

"The ECB will raise interest rates again to fight inflation, but those increases may well be smaller than recent ones," the bank's chief economist, Philip Lane, said on Monday, echoing comments from other policymakers in recent days. December's move will be followed by another 50-bp increase next quarter, giving peaks in the current cycle of 2.50% and 3.00% for the deposit and refinancing rates, unchanged from an October poll. However, collectively economists gave a 70% probability their deposit rate peak forecasts were accurate. It will take time for tighter policy to meaningfully tame inflation and while 13 of 23 respondents to an additional question said inflation had already peaked, it was not seen at the bank's target until at least 2025. Inflation was expected to ease to 8.9% next quarter from 10.5% this one, and then steadily decline. It will average 8.5% this year, 6.0% next year and 2.3% in 2024.

Source: Reuters

Local Market Indices



Foreign Exchange Market

Currency	22-Nov	21-Nov	DoD % Δ	YTD % Δ
USD:JMD	154.79	154.69	0.06%	-0.19%
GBP:JMD	180.97	181.54	-0.31%	-13.9%
CAD:JMD	115.98	115.66	0.28%	-5.5%

Caribbean & Latam

- Brazilian Economy Minister Paulo Guedes projected on Tuesday that the country's gross debt would fall to 74.3% of GDP in 2022, the lowest level since 2018 (75.3%).

USA & Canada

- The Dow racked up gains Tuesday, underpinned by a string of mostly positive quarterly results from retailers and dip-buying in big tech and energy following a stumble a day earlier.

Europe

- European stocks closed higher on Tuesday, as a rally in commodity prices triggered some hectic buying in materials and energy sectors.

Asia

- Asian stock markets are trading mostly lower on Tuesday, following the broadly negative cues from global markets overnight, as imposition of stringent restrictions and lockdowns in several cities in China, including Shanghai and Beijing, amid a surge in new COVID cases raised concerns about the outlook for the global economy.

Local Equity Market

Stock Index	Today's close	DoD Δ	DoD% Δ	YTD % Δ	YoY% Δ
JSE Combined Index	350,832.08	435.36	0.12%	-12.54%	-11.08%
JSE Index	338,498.41	573.98	0.17%	-14.55%	-13.11%
All Jamaican Composite Index	380,113.13	771.52	0.20%	-13.28%	-11.64%
JSE Select Index	8,502.09	26.24	0.31%	-13.97%	-11.06%
Junior Market Index	3,819.27	-11.12	-0.29%	11.40%	12.91%

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
PURITY	21.05%	KEX	-13.24%
MEEG	10.93%	PROVEN	-9.21%
ECL	9.63%	SIL	-8.28%

Today's combined market activity (excluding preference and deferred shares) resulted in trading of **87** stocks, of which **32** advanced, **47** declined and **8** traded firm.

International Markets

International Equity Markets					International Currency Market				
Index	22-Nov	DoD % Δ	YTD % Δ	YoY % Δ	Currency	22-Nov	DoD % Δ	YTD % Δ	YoY % Δ
S&P 500	4,003.58	1.36%	-16.00%	-14.51%	EUR: USD	1.0304	0.61%	-9.38%	-8.30%
Dow Jones	34,098.10	1.18%	-6.16%	-4.27%	GBP: USD	1.19	0.57%	-12.13%	-11.25%
FTSE All Share	4,092.33	0.87%	-2.75%	-1.33%	USD: CAD	1.34	-0.58%	5.80%	5.28%
Euro Stoxx 50	3,929.90	0.53%	-8.57%	-9.42%	USD: JPY	141.20	-0.66%	22.70%	22.91%
Nikkei 225	28,115.74	0.61%	-2.35%	-5.57%					
MSCI World Index	618.63	1.19%	-18.04%	-17.58%					

Global Interest Rates					Commodities				
Rates	22-Nov	DoD Δbps	YTD Δbps	YoY Δbps	Commodity	22-Nov	DoD % Δ	YTD % Δ	YoY % Δ
10-Year US Treasury Bond	3.76%	-7.00	225.00	214.00	Crude Oil	81.2	1.84%	7.96%	5.80%
10-Year UK Gilt	3.14%	-5.00	217.00	221.00	Gold	1,740.26	0.13%	-4.86%	-3.57%
GOJ 2025 Global Bond	6.41%	-3.00	237.00	265.00	Silver	21.08	1.09%	-9.57%	-12.83%
					Aluminium	2,440.00	2.56%	-13.09%	-9.28%



Mutual Funds

Fund Managers Ltd.

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JN MUTUAL FUNDS

November 21, 2022

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$12.7715	-7.42%	-9.73%	1.60%
Global Equity	J\$14.2753	-6.90%	-9.13%	0.00%
Global Fixed Income	J\$13.7504	4.06%	3.64%	4.55%
Global Money Market (US\$)	US\$11.3489	3.68%	3.29%	4.01%
Global Fixed Income (US\$)	US\$11.3765	0.58%	0.31%	3.50%
Local Money Market	J\$12.0327	4.08%	3.87%	5.83%

	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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