Client Passive Portfolio Monthly Update – December 2023

The positive momentum seen in global stock markets in November, carried on into December with the US and UK main indexes rising by 4.5% and 3.75% respectively. The fall in US inflation, down to 3.1% in November, gave the US Federal Reserve the confidence to issue more reassuring forward guidance on interest rates in 2024. This was reflected in the US bond market where the US 10-year Treasury yield fell from 4.35% to 3.86%. There was a similar fall in the UK 10-year yield despite UK inflation remaining stubbornly high at 3.9%. However, markets will expect both the Bank of England and the European Central Bank to follow the Federal Reserve if they see fit to cut interest rates in the summer or autumn months. For now, just the fact that the interest rate hiking cycle appears to have ended was sufficient to underpin a significant rise in both stocks and bonds into the year end. The US dollar weakened around 2% against the basket of major currencies and Sterling was 1% stronger against the US dollar. The slightly weaker US dollar helped to drive the price of gold to a new all-time high of $2, 075. Despite better news on the inflation front, there remained some caution on the state of the developing world economies trying to cope with interest rates which, for now, remain high. The price of oil, a reliable indicator of levels of economic activity, fell 6.7% to $77 per barrel, a significant drop from $93 seen in September following production cuts announced by OPEC. However, the price has also been influenced by geopolitical concerns in the Middle East which appeared to be escalating into the new year.

		1m	Sector 1m	Relative to Sector
0-35% Shares	Risk 2	2.10%	3.30%	-1.20%
	Risk 3	3.02%	3.30%	-0.28%
20-60% Shares	Risk 4	3.41%	3.61%	-0.20%
	Risk 5	3.55%	3.61%	-0.06%
	Risk 6	3.82%	3.61%	0.21%
40-85% Shares	Risk 7	4.10%	3.92%	0.18%
	Risk 8	4.64%	3.92%	0.72%
Global	Risk 9	4.71%	4.47%	0.24%
	Risk 10	4.86%	4.47%	0.39%

Throughout December, portfolios 2 to 5 underperformed their sector with all others outperforming, all showed a positive return. Overall, it was a good month. We continue to believe our current strategy is well placed to provide further continuing growth throughout 2024. We continue to believe our asset allocation will provide a strong performance over the medium to longer term.

Information in this report is at the last valuation point on 31st December 2023 (except where indicated).
*source: Trustnet