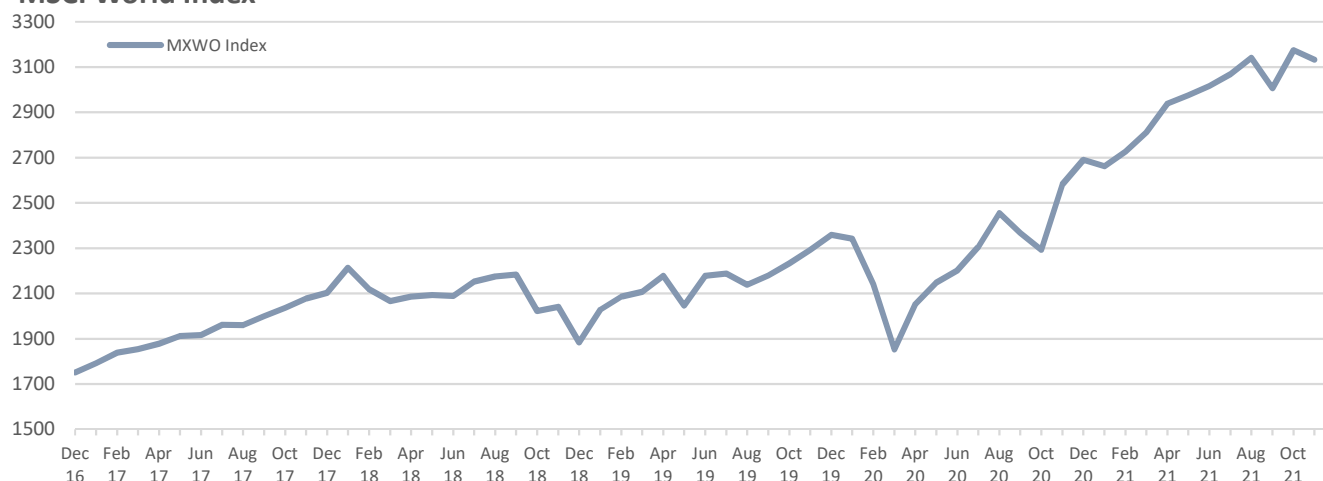




## OVERVIEW

In the month of November, the global economic recovery has remained positive. However, the spread of the Omicron variant and weakening Asian growth momentum have highlighted the risks despite the great success of domestic stimulus in key economies and multilateral cooperation to support the global economy.

MSCI World Index



In United States, consumer confidence has held up well, and while the US Federal Reserve is likely to continue its monetary tightening, the various asset classes, including equity markets and house prices, have remained at high levels, supporting ongoing consumption. Central bank policies are pointing to continued tapering of the current monthly \$120 billion quantitative easing measures after the US Federal Reserve announced a monthly \$15 billion tapering for at least November and December. Additional fiscal stimulus measures and the apparent overcoming of budget issues in Congress should support solid growth in the near term.

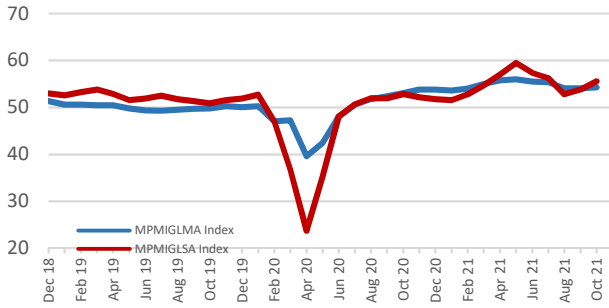
The unemployment rate fell again to stand at only 4.2% in November, as compared with 4.6% in the previous month. The participation rate remained low, standing at 61.8%. The big 6.2% jump in U.S. consumer prices in October was game changing for the dollar, as it cast doubt on the Fed’s transitory view and led markets to pull forward expectations for interest-rate lift off. The world’s biggest economy also added 531,000 jobs which decreased unemployment to 4.6%, a new pandemic low.

As for the Euro-zone, its growth momentum has continued to progress in 4Q21 and the most recent rise in services sector business sentiment signifies that there is the possibility of a surprise to the upside. Inflation rose further in November, continuing the rising trend from the previous months. Despite this trend, the European Central Bank (ECB) currently appears to be willing to continue monetary stimulus. It is clear that inflationary developments have been further accentuated by global supply issues that have led to price rises for input goods, which has especially impacted the manufacturing sector. Inflation in the Euro-zone rose to 4.8% in November, compared with 4.1% in October.

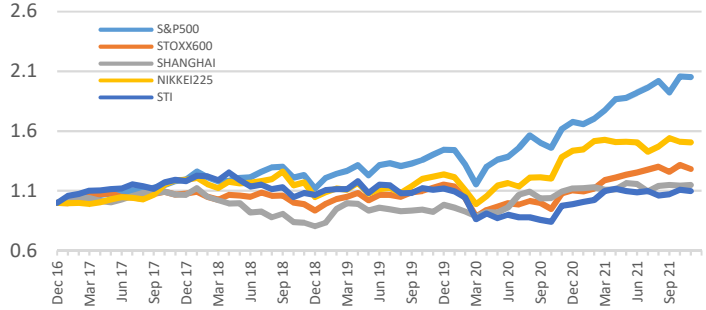
China’s economic recovery momentum remained weak despite the ease in electricity shortages and as supply-side pressures and the new wave of infections might linger and dampen the recovery in household consumption. Industrial production grew marginally to 3.5% in October, but the real estate crisis might dampen industrial production and fixed investment given the strong backward linkages to industrial output.



Global PMI



Major Indices





## MARKET STATISTICS

### ECONOMY

#### Economy

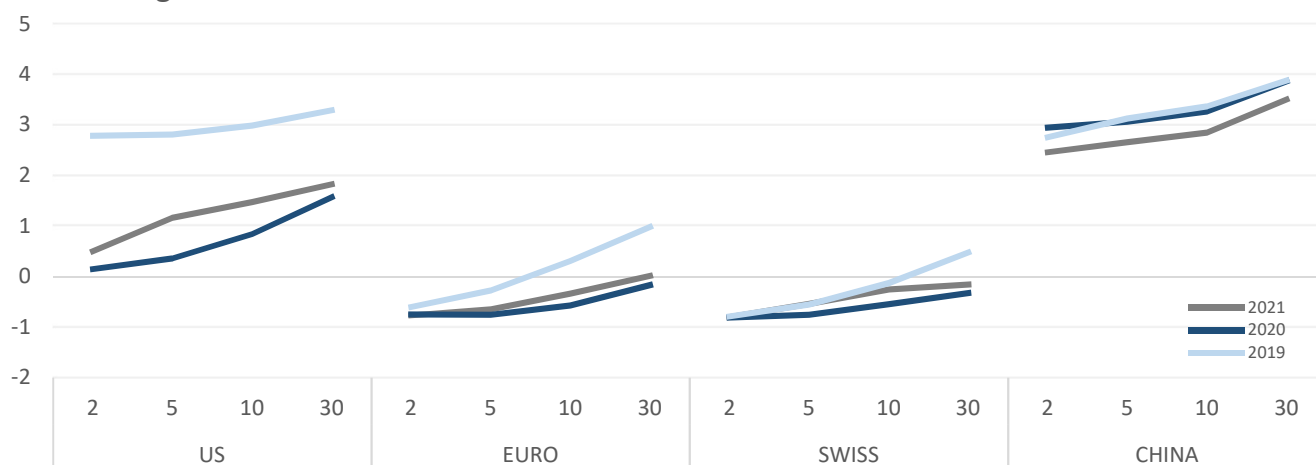
	%1M	%6M	%1Y	3Y		%1M	%6M	%1Y	3Y
World MPMI	0.4%	-2.7%	2.3%		EM MPMI	1.6%	-1.2%	-3.4%	
World SPMI	3.3%	-2.5%	5.1%		EM SPMI	1.1%	0.4%	-0.4%	
US CPI	0.9%	3.7%	6.2%		EU CPI	0.9%	2.3%	4.4%	
US PPI	0.6%	4.6%	8.8%		EU PPI	5.0%	14.9%	21.7%	
US UNEMP	-4.2%	-24.6%	-33.3%		EU UNEMP	0.0%	-9.5%	-10.7%	
US MPMI	-0.5%	0.2%	3.4%		EU MPMI	-0.5%	-6.9%	6.4%	
-	-	-	-	-	EU SPMI	-3.2%	8.1%	16.4%	
CHINA MPMI	1.2%	-2.5%	-5.6%		SWISS MPMI	-4.0%	-5.9%	23.6%	
CHINA SPMI	0.7%	-4.4%	-5.3%		SWISS SPMI	-4.3%	3.1%	18.1%	

### KEY RATES

#### Sovereign Key Rates

	Nov	Δ1M	Δ6M	Δ1Y		Nov	Δ1M	Δ6M	Δ1Y
US 2Y	0.5010	0.0020	0.3564	-0.0069	EU 2Y	-0.7671	-0.1761	0.0775	0.0801
US 5Y	1.1613	-0.0234	0.3844	0.4388	EU 5Y	-0.6447	-0.2529	0.1766	0.1860
US 10Y	1.4757	-0.0791	-0.0412	0.7554	EU 10Y	-0.3384	-0.2313	0.0805	0.3844
US 30Y	1.8247	-0.1094	-0.3493	0.7149	EU 30Y	0.0152	-0.1197	-0.2303	0.5335
CHINA 2Y	2.4615	-0.0266	-0.1015	-0.3604	SWISS 2Y	-0.7994	-0.0996	0.0964	0.0147
CHINA 5Y	2.6571	-0.1662	-0.0757	-0.1677	SWISS 5Y	-0.5416	-0.2608	0.2460	0.2302
CHINA 10Y	2.8500	-0.1185	-0.1028	-0.1972	SWISS 10Y	-0.2563	-0.1991	0.1379	0.3512
CHINA 30Y	3.3657	-0.1393	-0.0610	-0.2982	SWISS 30Y	-0.1550	-0.1493	-0.1351	0.4547

#### 3Y Sovereign Yield Curve





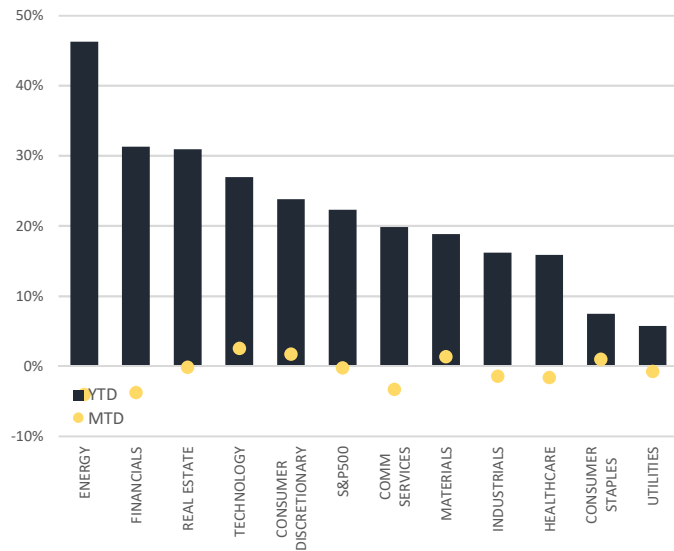
EQUITIES

Equities	Nov	YTD	1Y	3Y Ann	5Y Ann	3Y SD	3Y
WORLD	-1.35%	16.43%	21.25%	15.34%	12.33%	16.26%	
EM	-3.29%	-5.28%	1.50%	7.13%	7.24%	13.02%	
ASIA PAC	-1.84%	-3.16%	2.31%	8.02%	7.47%	12.59%	
US	-0.23%	22.33%	26.87%	18.51%	15.46%	18.38%	
EUROPE	-2.37%	16.34%	19.00%	8.30%	4.64%	10.05%	
CHINA	-4.23%	-18.50%	-16.24%	5.31%	8.57%	14.64%	
SWISS	0.21%	14.27%	17.00%	10.58%	8.39%	9.11%	

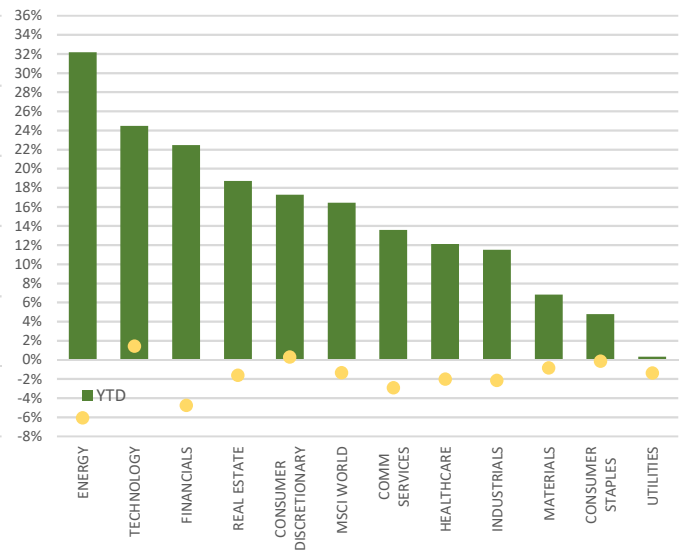
Style

	Nov	YTD		Nov	YTD
WORLD LARGE CAP	-1.23%	17.00%	US LARGE CAP	-0.23%	22.33%
WORLD SMALL CAP	-3.03%	12.61%	US SMALL CAP	0.10%	24.29%
WORLD VALUE	-2.10%	14.28%	US VALUE	-1.05%	27.30%
WORLD GROWTH	-0.65%	18.17%	US GROWTH	0.51%	30.80%
WORLD MOMENTUM	-2.64%	13.47%	US MOMENTUM	-1.47%	20.34%

S&P500 SECTOR RETURNS



MSCI WORLD SECTOR RETURNS





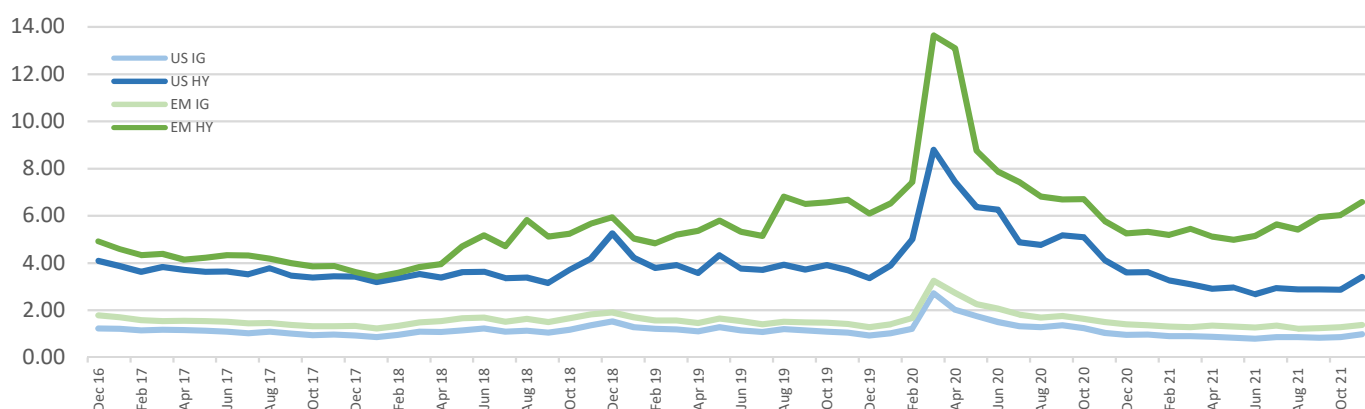
## FIXED INCOME

Fixed Income	Nov	YTD	1Y	3Y Ann	5Y Ann	3Y SD	3Y CURVE
WORLD AGG	-0.28%	-4.56%	-3.28%	4.34%	3.39%	4.54%	
US AGG	0.10%	-1.48%	-1.34%	5.45%	3.58%	5.03%	
EUROPE AGG	1.08%	-1.15%	-0.73%	3.38%	1.94%	2.88%	
CHINA AGG	0.93%	7.37%	9.00%	7.50%	6.02%	6.73%	
EM AGG	-1.06%	-2.60%	-1.12%	5.96%	4.37%	5.59%	
SWISS AGG	1.31%	-1.39%	-1.05%	1.15%	0.54%	1.52%	

## OAS

	Nov	Δ1M	Δ6M	Δ1Y	Δ3Y		Nov	Δ1M	Δ6M	Δ1Y	Δ3Y
WORLD IG OAS	1.04	0.13	0.15	-0.02	-0.39	EM IG OAS	1.38	0.10	0.07	-0.12	-0.44
WORLD HY OAS	4.36	0.53	0.81	-0.17	-0.38	EM HY OAS	6.59	0.56	1.61	0.82	0.92
US IG OAS	0.98	0.11	0.14	-0.06	-0.39	EURO IG OAS	1.11	0.21	0.22	0.13	-0.42
US HY OAS	3.41	0.54	0.45	-0.71	-0.77	EURO HY OAS	3.53	0.44	0.56	-0.16	-1.31

## 5Y OAS





## FX & COMMODITIES

Commodities	Nov	YTD	1Y	3Y Ann	5Y Ann	3Y SD	3Y Curve
BBG Index	-3.15%	28.30%	34.68%	7.62%	3.86%	13.51%	
BBG Energy	-10.30%	60.15%	59.09%	-5.90%	-3.05%	23.84%	
BBG Agri & Livestock	4.21%	24.95%	36.53%	10.34%	2.70%	15.88%	
BBG Soft	8.08%	49.99%	59.11%	14.69%	1.29%	17.96%	
BBG Precious Metals	-0.70%	-7.94%	0.21%	12.69%	7.46%	13.11%	
BBG Industrial Metal	-2.31%	22.53%	22.91%	13.10%	9.69%	17.43%	
	Nov	YTD	1Y	3Y Ann	S-Term	M-Term	3Y CURVE
BBG Gold	0.12%	-6.40%	-0.39%	11.85%	1750-1825	1725-1800	
BBG Brent Crude	-12.75%	51.57%	63.75%	8.37%	65-75	65-75	

Currencies	Nov	1M HIGH	1M LOW	1M SD	S-Term	M-Term	1M CURVE
EUR/USD	1.1338	1.1612	1.1199	1.24%	1.11-1.15	1.11-1.15	
USD/JPY	113.17	115.43	112.87	0.57%	112-116	113-117	
GBP/USD	1.3299	1.3688	1.3322	0.80%	1.31-1.36	1.32-1.37	
USD/CHF	0.9189	0.936	0.9091	0.91%	0.91-0.95	0.91-0.95	
USD/CNY	6.3645	6.4066	6.378	0.12%	6.33-6.38	6.33-6.38	
USD/SGD	1.3656	1.3718	1.3474	0.54%	1.34-1.38	1.33-1.37	

## FX & COMMODITIES VIEW

Energy commodity prices dipped due to a large drop in coal prices. Base metals also weakened, led by a large retreat in aluminum prices on the expectation for a recovery in metals output as energy restrictions in China were relaxed. Gold prices increased due to declines in real interest rates. Natural gas prices receded in Europe on expectations of additional imports from Russia and lower coal prices, while in the US the expectation of warmer than average December weather resulted in a sharp drop that extended into the first week of the month.

USD soared to 16-month highs as mounting signs of a strengthening economy suggested the Federal Reserve may need to taper its bond purchases more rapidly and bring forward plans to raise interest rates. The dollar was further boosted after President Biden re-nominated Jerome Powell for a second term as Fed chief. Monetary divergences hurt the euro as the ECB repeated that a rate hike in 2022 is unlikely to happen. EUR collapsed to a multi-year low against the CHF and CNY. EUR also reached a new one-year low against both the USD and GBP.



## THEME OF THE MONTH

### Semiconductor Chips Shortage

What exactly are Semiconductor chips and what are they? Basically, it is the thing that makes electronic items smart. Made from a material, usually silicon, that “semi-conducts” electricity, the chip performs a variety of functions. Memory chips, which store data, are relatively simple and are traded like commodities. Logic chips, which run programs and act as the brains of a device, are more complex and expensive. In the year of 2021, Carmakers slashed production. PlayStations got harder to find in stores. Broadband providers faced monthslong delays for internet routers. All of these phenomena had a similar cause, an abrupt and cascading shortage of semiconductors.

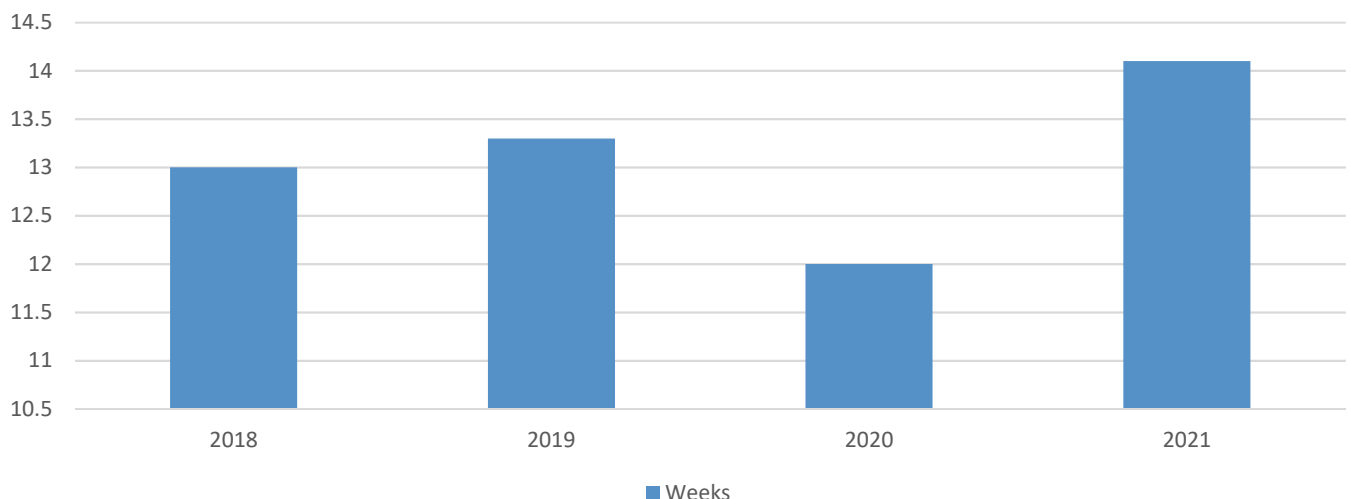
The combination of cost and difficulty in producing them has fostered a worldwide reliance on two Asian powerhouses namely TSMC and Samsung. That dependence was brought into stark relief when the Covid-19 pandemic and rising U.S.-China tensions made chips scarce. Hundreds of billions of dollars will be spent in the coming years in a global race to expand production, with geopolitical as well as economic implications.

The root cause of the shortages is mainly due to increased working populations working from home, fluctuating forecasts from carmakers, stockpiling of orders from PC makers and lastly due to natural disasters such as cold snap and fires.

Chip shortages are expected to wipe out \$210 billion of sales for carmakers this year, with production of 7.7 million vehicles lost. Samsung warned that it saw a “serious imbalance” in the global supply and demand. TSMC forecast the shortages could extend into 2022. Some broadband providers were facing delays of more than a year when ordering internet routers. Apple said in April that supply constraints were crimping sales of iPads and Macs, which it said would affect \$3 billion to \$4 billion off its third-quarter revenue. Nintendo Co. said that shortages were slowing production of its Switch gaming device. Toyota Motor Corp. suspended output at 14 plants in September.

As 5G mobile networks increases rapidly, the demand for more powerful, energy-efficient chips is only going to increase. Companies such as TSMC and Samsung are thus working to make transistors increasingly microscopic so more can fit into a single chip. Even small improvements can deliver substantial cost savings when multiplied across the full scale of something like Amazon Web Services. The rise of AI is another force driving innovation, since AI relies on massive data processing. More efficient designs also will help develop the so-called internet of things, the metaverse.

Gap between ordering a chip and delivery



Source: Bloomberg



Date	Country	Event	Period	Surv(M)	Actual	Prior	Revised
12/20	United States	Leading Index	Nov	0.9%	--	0.9%	--
12/22	United Kingdom	GDP QoQ	3Q F	--	--	1.3%	--
12/22	United Kingdom	GDP YoY	3Q F	--	--	6.6%	--
12/22	United States	MBA Mortgage Applications	Dec 17	--	--	-4.0%	--
12/22	United States	GDP Annualized QoQ	3Q T	2.1%	--	2.1%	--
12/22	United States	Conf. Board Consumer Confidence	Dec	110.8	--	109.5	--
12/22	United States	Existing Home Sales	Nov	6.55m	--	6.34m	--
12/23	Russia	Industrial Production YoY	Nov	5.8%	--	7.1%	--
12/23	Italy	Consumer Confidence Index	Dec	--	--	117.5	--
12/23	Italy	Manufacturing Confidence	Dec	--	--	116	--
12/23	Russia	Gold and Forex Reserve	Dec 17	--	--	--	--
12/23	Canada	GDP MoM	Oct	--	--	0.1%	--
12/23	United States	Personal Income	Nov	0.4%	--	0.5%	--
12/23	United States	Initial Jobless Claims	Dec 18	--	--	--	--
12/23	United States	Personal Spending	Nov	0.6%	--	1.3%	--
12/23	United States	Durable Goods Orders	Nov P	1.7%	--	-0.4%	--
12/23	United States	U. of Mich. Sentiment	Dec F	70.4	--	70.4	--
12/23	United States	New Home Sales	Nov	765k	--	745k	--
12/24	Japan	Natl CPI YoY	Nov	--	--	0.1%	--
12/28	Japan	Job-To-Applclicant Ratio	Nov	--	--	1.15	--
12/28	Japan	Jobless Rate	Nov	--	--	2.7%	--
12/28	Japan	Industrial Production MoM	Nov P	--	--	1.8%	--
12/28	United Kingdom	Nationwide House PX MoM	Dec	--	--	0.9%	--
12/28	United Kingdom	Nationwide House Px NSA YoY	Dec	--	--	10.0%	--
12/29	Russia	Markit Russia PMI Mfg	Dec	--	--	51.7	--
12/29	Eurozone	M3 Money Supply YoY	Nov	--	--	7.7%	--
12/29	United States	MBA Mortgage Applications	Dec 24	--	--	--	--
12/29	United States	Wholesale Inventories MoM	Nov P	--	--	2.3%	--
12/30	Russia	Unemployment Rate	Nov	4.3%	--	4.3%	--
12/30	Russia	Retail Sales Real YoY	Nov	4.3%	--	4.1%	--
12/30	Russia	CPI YoY	Dec P	--	--	8.40%	--
12/30	Russia	Gold and Forex Reserve	Dec 24	--	--	--	--
12/30	United States	Initial Jobless Claims	Dec 25	--	--	--	--
12/30	United States	MNI Chicago PMI	Dec	--	--	61.8	--
01/03	Italy	Markit Italy Manufacturing PMI	Dec	--	--	62.8	--
01/03	France	Markit France Manufacturing PMI	Dec F	--	--	54.9	--
01/03	Greece	Markit/BME Germany Manufacturing PMI	Dec F	--	--	57.9	--
01/03	Eurozone	Markit Eurozone Manufacturing PMI	Dec F	--	--	--	--
01/03	United States	Markit US Manufacturing PMI	Dec F	--	--	--	--
01/03	United States	Construction Spending MoM	Nov	--	--	0.2%	--
01/03	Italy	CPI EU Harmonized MoM	Dec P	--	--	0.8%	0.7%
01/03	Italy	CPI EU Harmonized YoY	Dec P	--	--	3.9%	--
01/04	Japan	Jibun Bank Japan PMI Mfg	Dec F	--	--	54.2	--
01/04	France	CPI YoY	Dec P	--	--	2.8%	--





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### Source and Abbreviation:

WORLD MPMI: Manufacturing Composite PMI, Seasonally Adjusted; WORLD SPMI: Service Composite PMI, Seasonally Adjusted; EM MPMI: Manufacturing Composite PMI, Seasonally Adjusted; EM SPMI: Service Composite PMI, Seasonally Adjusted; EURO CPI: Harmonised Index of Consumer Prices, 2015 = 100; EURO PPI: Producer Price Index, 2015 = 100; EURO UNEMP: Unemployment Rate; EURO MPMI: Manufacturing Composite PMI, Seasonally Adjusted; EURO SPMI: Service Composite PMI, Seasonally Adjusted; CHINA MPMI: Manufacturing Composite PMI, Seasonally Adjusted; CHINA SPMI: Service Composite PMI, Seasonally Adjusted; US CPI: Consumer Price Index (1967 = 100); US PPI: Producer Price Index, 2009 = 100; US UNEMP: Unemployment Rate; US MPMI: Manufacturing Composite PMI, Seasonally Adjusted; SWISS MPMI: Manufacturing Composite PMI, Seasonally Adjusted; SWISS SPMI: Service Composite PMI, Seasonally Adjusted; EM: Emerging Market, ASIA PAC: Asia Pacific, AGG: Aggregate, IG: Investment Grade, HY: High Yield, OAS: Option Adjusted Spread, AGRI: Agricultural, FOMC: Federal Open Market, SAAR: Seasonally Adjusted Annual Rate

### Graphs:

MSCI World Index: Source – MXWO Index; Global PMI: Source – MPMIGLMA Index, MPMIGLSA Index; Brent Crude Price: Source – CO1 Comdty. Economy Index:

WORLD MPMI: Source: MPMIGLMA Index; WORLD SPMI: Source: MPMIGLSA Index; EM MPMI: MPMIEMMA Index; EM SPMI: MPMIEMSA Index. EURO CPI: CPALAU Index, EURO PPI: PPTX27 Index; EURO Unemployment: UMRT27 Index; EURO MPMI: MPMIEUMA Index, EURO SPMI: MPMIEUSA Index. China MPMI: MPMICNMA Index, China SPMI: MPMICNSA Index; US CPI: CPI INDX Index; US PPI: FDIDFDA Index, US UNEMP: USURTOT Index, US MPMI: NAPMPMI Index, SWISS MPMI: SZPUI Index, SWISS SPMI: SZPUSERV Index

### Key Rates:

US 2Y: GT2 GOVT, US 5Y: GT5 GOVT, US 10Y: GT10 GOVT, US 30Y: GT30 GOVT, CHINA 2Y: GTCNY2Y GOVT, CHINA 5Y: GTCNY5Y GOVT, CHINA 10Y: GTCNY10Y GOVT, CHINA 30Y: GTCNY30Y GOVT, EURO 2Y: GTEUR2Y GOVT, EURO 5Y: GTEUR5Y GOVT, EURO 10Y: GTEUR10Y GOVT, EURO 30Y: GTEUR30Y GOVT, SWISS 2Y: GTCHF2Y GOVT, SWISS 5Y: GTCHF5Y GOVT, SWISS 10Y: GTCHF10Y GOVT, SWISS 30Y: GTCHF30Y GOVT

### Equities Index:

EM: MXEF Index; ASIA PAC: MXAP Index; US: SPX Index; EURO: MXEU Index; CHINA: MXCN Index; SWISS: MXCH Index; WORLD LARGE CAP: MXWOLC Index; WORLD SMALL CAP: MXWOSC Index; WORLD VALUE: MXWO000V Index; WORLD GROWTH: MXWO000G Index; WORLD MOMENTUM: M1WOMOM Index; LARGE CAP: SPX Index; SMALL CAP: SPTRSMCP Index; VALUE: SPXPV Index; GROWTH: SPXPG Index; MOMENTUM: SP500MUP Index; S&P UTILITIES: S5UTIL Index; S&P REAL ESTATE: S5RLST Index; S&P ENERGY: S5ENRS Index; S&P HEALTHCARE: S5HLTH Index; S&P S&P500: SPX Index; S&P CONSUMER STAPLES: S5CONS Index; S&P TECHNOLOGY: S5INFT Index; S&P MATERIALS: S5MATR Index; S&P FINANCIALS: S5FINL Index; S&P COMM SERVICES: S5TELS Index; S&P INDUSTRIALS: S5INDU Index; S&P CONSUMER DISCRETIONARY: S5COND Index; MSCI TECHNOLOGY: MXWO0IT Index; MSCI REAL ESTATE: MXWO0RE Index; MSCI UTILITIES: MXWO0UT Index; MSCI CONSUMER DISCRETIONARY: MXWO0CD Index; MSCI INDUSTRIALS: MXWO0IN Index; MSCI CONSUMER STAPLES: MXWO0CS Index; MSCI COMM SERVICES: MXWO0TC Index; MSCI MSCI WORLD: MXWO Index; MSCI FINANCIALS: MXWO0FN Index; MSCI MATERIALS: MXWO0MT Index; MSCI HEALTHCARE: MXWO0HC Index; MSCI ENERGY: MXWO0EN Index;

### Fixed Income Index:

WORLD AGG: LEGATRUU Index; US AGG: LBUSTRUU Index; EURO AGG: LP06TREU Index; CHINA AGG: LACHTRUU Index; EM AGG: EMUSTRUU Index; SWISS AGG: LSFATRCU Index; WORLD IG OAS: LGCPOAS Index; WORLD HY OAS: LG30OAS Index; US IG OAS: LUACOAS Index; US HY OAS: LF98OAS Index; EM IG OAS: BEHGOAS Index; EM HY OAS: BEBGOAS Index; EURO IG OAS: LP05OAS Index; EURO HY OAS: LP01OAS Index;

### Commodities and Currencies:

COMMODITIES: BCOMTR Index; ENERGY: BCOMENTR Index; AGRI&LIVESTOCK: BCOMAVT Index; SOFT: BCOMSOTR Index; PRECIOUS METAL: BCOMPRTR Index; INDUSTRIAL METAL: BCOMINTR Index; EUR/USD: EURUSD BGN Curncy; JPY/USD: JPYUSD BGN Curncy; GBP/USD: GBPUSD Curncy; CHF/USD: CHFUSD Curncy; CNY/USD: CNYUSD Curncy; SGD/USD: SGDUUSD Curncy;

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