

December 1, 2021

November Market Review

Dear Valued Clients and Partners:

Even as many families in the United States gathered to celebrate what felt like a more normal Thanksgiving holiday – complete with traditional feasts – there was fresh evidence the pandemic will provide us with more to digest.

Positive fundamentals and supportive seasonality propelled the equity markets to record highs during the month. However, volatility increased after the holiday and the S&P 500 Index lost roughly 1% in November – making it the second negative month of the year.

The emergence of the new omicron COVID-19 variant in South Africa and newly imposed travel restrictions added to discomfort investors were already feeling for high inflation levels. Yet, despite the recent uptick in cases presumably related to the delta variant, economic activity remained resilient, with consumer spending staying strong, jobless claims falling to the lowest level since 1969 and airport travel rising to the highest level since February 2020.

The virus will continue to mutate, but the transmissibility, severity and evasiveness of new variants against our current toolbox of vaccines and therapeutics remains uncertain. As such, Raymond James Chief Investment Officer Larry Adam cautioned against making changes to portfolio allocations based on headlines, with so many economic factors to consider.

Let's look at the numbers:

	12/31/20 Close	11/30/21 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	30,606.48	34,483.72	+3,877.24	+12.67%
NASDAQ	12,888.28	15,537.69	+2,649.41	+20.56%
S&P 500	3,756.07	4,567.00	+810.93	+21.59%
MSCI EAFE	2,147.53	2,247.11	+99.58	+4.64%

Russell 2000	1,974.86	2,198.91	+224.05	+11.35%
Bloomberg Aggregate Bond	2,392.02	2,354.29	-37.73	-1.58%

Performance reflects price returns as of market close on November 30, 2021. MSCI EAFE and the Bloomberg Aggregate Bond figures reflect November 29, 2021, closing values.

Here are some other notable events and trends through November.

Inflation

Though near-term inflation expectations have continued to rise, the outlook remains moderate, Raymond James Chief Economist Scott Brown said. Much of the inflation focus has been on supply chain difficulties, which are showing improvement, but a shift in demand from consumer services to goods has also contributed to bottleneck pressures and transportation issues. Inflation should slow in 2022, but it's likely to remain above the Federal Reserve's 2% long-term goal.

All eyes on the Fed

The Federal Reserve has begun to taper the monthly pace of asset purchases, but some officials want to taper faster, and the financial markets are pricing in an earlier hike in short-term interest rates. Bloomberg's World Interest Rate Probability model suggests the Fed could raise rates as early as June 2022 and potentially hike a total of two or three times next year. The Fed is delivering a less aggressive timeline, although market pressures have been building. Conventional wisdom, however, would suggest not going counter to the Fed, according to Doug Drabik, managing director of Fixed Income research.

Activity in Washington

The passage and signing into law of the bipartisan infrastructure bill and the reappointment of Federal Reserve Chairman Jerome Powell were broadly market positive events that removed some of the uncertainty in Washington. These developments also likely suggest Congress could finalize a reconciliation bill in December, Washington Policy Analyst Ed Mills said. Beyond the domestic focus, geopolitical tensions are rising in key hot spots, though November's virtual summit between President Joe Biden and Chinese President Xi Jinping could help alleviate pressure points in Europe and Asia.

Around the world

Despite a strong underlying third-quarter earnings season for European companies, a notable fall in both the euro and the British pound against the dollar reduced returns for U.S. investors in November. Early in the month, the United Nations Climate Change Conference (COP26) drew attention to climate policy. However, net zero CO2 emission targets mean little unless they are legally binding, said Energy Analyst Pavel Molchanov. In the world's two largest emitters, China and the U.S., the targets are not binding, whereas the European Union's European Climate Law contains strong mandates for 2050 and, more importantly, 2030.

The bottom line

Though the equity markets likely will experience some volatility, the outlook for economic growth remains positive: above-average growth should lead to above-average earnings growth for companies in 2022. While supply and labor challenges are leading to cost inflation, the strong demand applying additional pressure indicates consumer confidence remains high. While this creates pockets of stress at the individual stock and industry level, it also serves to effectively elongate the recovery period. We continue to view pullbacks in the equity market, such as the one we experienced in late November, as opportunities to deploy funds during a bull market.

If you have any questions about your investments, your financial plan, this letter – or anything else – please reach out at your earliest convenience. We remain grateful for our relationship and your continued trust in us.

Sincerely,

ASIA PACIFIC GROUP OF RAYMOND JAMES

JASON B. MIYASHITA, CIMA®, CPWA®, CPFA®, CRPS®, AIFA®

Managing Director
Senior Institutional Consultant
Senior Vice President, Investments
jason.b.miyashita@raymondjames.com

DANIEL A. ROLAND, CIMA®, CSRIC®, AIFA®, MBA

Managing Director
Senior Institutional Consultant
Senior Vice President, Investments
daniel.a.roland@raymondjames.com

AMANDA GIMA, CPFA®, AIF®, AAMS®

RAYMOND JAMES®

Financial Advisor

amanda.gima@raymondjames.com

AMBER L. MENDIOLA, AIF®

Senior Client Service Associate

amber.leonguerrero@raymondjames.com

REYLYNN SAPONG, AIF®

Client Service Associate

reyllynn.sapong@raymondjames.com

JUAN JAVIER S. LACSON

Client Service Associate

javier.lacson@raymondjames.com

ASIA PACIFIC GROUP OF RAYMOND JAMES

Raymond James & Associates, Inc.

450 Route 8, Suite 300

Maite, GUAM 96910

Main: 671-969-5000

Main Fax: 671-969-5345

EFax: 1-844-309-8833

<https://www.raymondjames.com/asiapacificgroup/>

Disclosures Regarding this Email Communication (Including Any Attachments)

*An affiliate of Raymond James & Associates and Raymond James Financial Services.

Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc., and are subject to change. Past performance is not an indication of future results and there is no assurance that any of the forecasts mentioned will occur. The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 is an unmanaged index of small cap securities. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. An investment cannot be made in these indexes.

International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Small and mid-cap securities generally involve greater risks. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. The performance noted does not include fees or charges, which would reduce an investor's returns. Asset allocation and diversification do not guarantee a profit nor protect against a loss. Debt securities are subject to credit risk. A downgrade in an issuer's credit rating or other adverse news about an issuer can reduce the market value of that issuer's securities. When interest rates rise, the market value of these bonds will decline, and vice versa. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, state or local taxes. Material prepared by Raymond James for use by its advisors.

To opt out of receiving future emails from us, please reply to this email with the word "Unsubscribe" in the subject line. The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.

Asia Pacific Group of Raymond James
450 Route 8, Suite 300 // Maite, GU 96910
T 671.969.5000 // F 671.969.5345

RAYMOND JAMES®

©2021 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC

Asia Pacific Group of Raymond James
450 Route 8, Suite 300 // Maite, GU 96910
T 671.969.5000 // F 671.969.5345

©2021 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC