Guardian Group
Guardian Asset Management

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Private Wealth Market Brief

LAST WEEK…

The S&P 500 index edged higher as investors digested recent gains while remarks from Federal Reserve officials clouded the outlook about when the U.S. central bank might start cutting interest rates. For the week, the S&P 500 rose 2.24%, the Dow industrials gained 1.94% and the Nasdaq climbed 2.37%

The steep decline in Treasury yields since the start of November continued with those on the benchmark 10-year note briefly falling to the lowest level in two months before inching higher. The 10-year benchmark notes rose 2/32, yielding 4.44%, while the two-year notes fell 4/32 to yield 4.91%. The 30-year bonds were up 16/32 to yield 4.60%

The dollar fell, while the yen strengthened sharply to trade below 150 to the dollar as concerns grow about the weakening global economic outlook. The dollar index fell 0.46% to 103.87. Against the Japanese yen, the dollar fell 0.68% to 149.68. The euro rose 0.51% to $1.0905.

Oil prices rose, as investors who had taken short positions took profits, prompting a rebound in prices that slumped to four-month lows during the previous session, while U.S. sanctions on some Russian oil shippers lent support. Brent crude futures were up 3.99% to $80.51 a barrel. U.S. West Texas Intermediate crude futures jumped 3.96% to $75.79 per barrel.

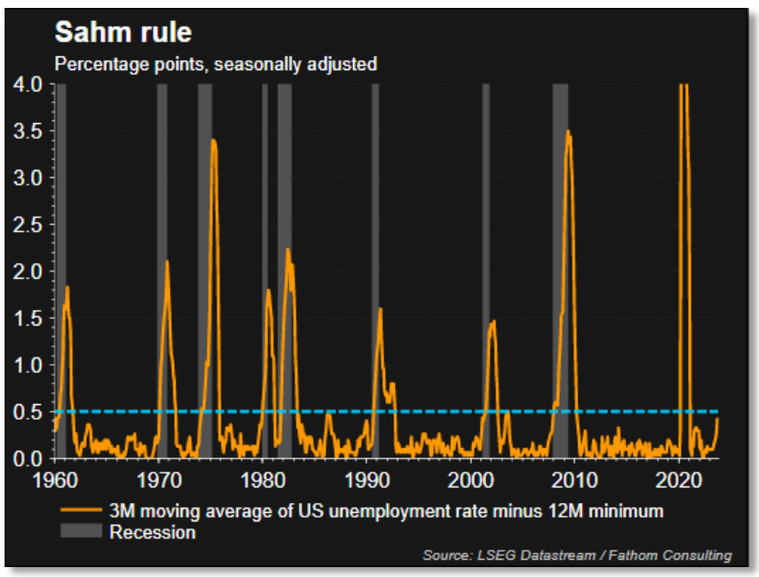
Gold prices fell, as the dollar and Treasury yields weakened amid increased expectations that the U.S. Federal Reserve is done with its monetary policy tightening. Spot gold fell 0.03% to $1,980.24 per ounce. U.S. gold futures were 0.21% lower at $1,983.20 per ounce.

Domestically, the export contribution to output was $15.7 billion for 2023, with the non-energy sector– which was the dominant export material–accounted for $12.6 billion of the $15.7 billion in exports in 2023. On behalf of the Government, Minister of Trade and Industry Paula Gopee-Scoon promised continued support to the business sector to foster further growth and development as many small and medium enterprises have been flourishing with the policies already in place and more to come under advice from the sector.

Index Returns					
Equities	Level	1 Week	MTD	QTD	YTD
TT COMP	1,206.74	0.40%	1.06%	-0.24%	-9.41%
ALL T&T	1,820.57	-0.49%	-0.24%	-1.78%	-9.33%
JSE COMB	328,147.03	-0.25%	-1.40%	-3.88%	-10.97%
JSE ALL JAMAICAN	348,168.19	-0.04%	-0.94%	-2.14%	-13.62%
S&P 500	4,514.02	2.24%	7.64%	5.27%	17.57%
DOW JONES 30	34,947.28	1.94%	5.73%	4.30%	5.43%
NASDAQ COMPOSITE	14,125.48	2.37%	9.92%	6.85%	34.96%
RUSSELL 2000	1,797.77	5.42%	8.15%	0.71%	2.07%
MSCI EAFE	2,100.88	4.42%	7.85%	3.43%	8.07%
MSCI EM	976.52	2.97%	6.70%	2.49%	2.11%

Levels (%)				
Key Rates	17-Nov-23	31-Oct-23	30-Dec-22	18-Nov-22
1-mth U.S. Treasuries	5.40	5.39	4.00	3.86
3-mth U.S. Treasuries	5.40	5.49	4.41	4.25
6-mth U.S. Treasuries	5.42	5.57	4.77	4.64
1-yr U.S. Treasuries	5.25	5.46	4.73	4.74
2-yr U.S. Treasuries	4.91	5.07	4.40	4.51
10-yr U.S. Treasuries	4.44	4.88	3.83	3.82
30-yr U.S. Treasuries	4.60	5.02	3.94	3.93

CHART OF THE WEEK



Is the Sahm rule finally about to be broken?

Claudia Sahm, a former Fed economist, popularized a real-time recession test which she called the Sahm rule. According to Sahm, a recession is likely to start when the three-month average of the unemployment rate rises by a minimum of 0.5% relative to its low during the previous 12 months. The idea of using the three-month average is to smooth out some of the random monthly variation in unemployment, while using the minimum takes into account structural changes over time in the natural rate of unemployment. It is a relatively simple measure, and so far has proved to be remarkably accurate at identifying US recessions — it has correctly called them all since 1960, with zero false positives.

Unemployment in the US has risen over the past few months, and is approaching the Sahm rule's recession threshold. However, like so many other indicators during the pandemic era, this time the Sahm rule could be about to give a false signal. The first two years of the pandemic saw severe labor shortages, but since then workers have been coming back at a somewhat faster pace than new jobs have been created. This is good news for the rebalancing of the labor market, even if it shows up initially in a higher unemployment rate. Therefore, unemployment may climb higher for some time, as the economy re-adjusts to balance the supply of and demand for labor, which would trigger the rule — but not necessarily a recession.

THE WEEK AHEAD

Monday: Conference Board Leading Economic Index (October)

Tuesday: Chicago Fed National Activity Index (October); Existing Home Sales (October); FOMC Meeting Minutes

Wednesday: Durable Goods Orders (October); Michigan Consumer Sentiment Index—Final Reading (November).

Thursday: U.S. markets closed for Thanksgiving Day.

Friday: U.S. markets close early (1 p.m. ET); Black Friday sales in the U.S.; S&P Global Composite PMI—Flash Estimate (November).

TOP STORIES

Easy access to Dubai

A LANDMARK air transport agreement aimed at facilitating direct air links between Trinidad and Tobago and the United Arab Emirates (UAE) has been reached. According to a news release from the Ministry of Works and Transport on Thursday, Works and Transport Minister Rohan Sinanan, along with the Director of the General Civil Aviation Authority of the United Arab Emirates (UAE), Saif Mohammed Al Suwaidi, initialled an air transport agreement between Trinidad and Tobago and the UAE. The release said, once in force, this agreement 'will facilitate direct air links between Trinidad and Tobago and the UAE, promoting greater connectivity and increased accessibility. This presents the opportunity for more efficient and convenient travel for passengers and cargo and strengthening of the economic, cultural, and diplomatic ties between the states'.

Japan's export growth slows as China, global downturn risks loom

Japanese exports grew for a second straight month in October but at a sharply slower pace due to slumping China-bound shipments of chips and steel, as weakening external demand takes its toll on the trade-reliant economy. Exports rose 1.6% in October from a year earlier, Ministry of Finance data showed on Thursday, faster than a 1.2% increase expected by economists in a Reuters poll but slower than the 4.3% rise in September. Weak exports have complicated Japan's efforts to spur economic growth with sluggish domestic demand also weighing on the post-pandemic recovery.

INSIGHT

Guyana looking to expand engagement in carbon market

In order to expand its involvement in the carbon markets, Guyana is seeking to broaden its engagement in forest and carbon financing, utilising any remaining credits available to the country. Speaking with the LatinFinance publication earlier in October, Senior Minister, Office of the President with Responsibility for Finance, Dr. Ashni Singh spoke about the landmark carbon credits agreement that Guyana has entered into for ART TREES carbon credits. He expressed Guyana's commitment to fully participate in the market framework established under the United Nations Framework Convention on Climate Change (UNFCCC). Under the terms of the agreement, Guyana will be paid a minimum of $750 million for carbon credits over a 10-year period, which, according to Dr. Singh, comprise only one-third of Guyana's available carbon credits.

US consumer watchdog hands Wall Street rare win with Big Tech crackdown

The U.S. consumer watchdog, not usually known to side with Wall Street lenders, has handed them a rare win by cracking down on Big Tech companies that are increasingly encroaching on banking turf. The Consumer Financial Protection Bureau (CFPB) last week proposed regulating payments and smartphone wallets provided by tech leaders like Apple (AAPL.O) and Google (GOOGL.O), arguing they now rival traditional bank services in scale and scope and should be subject to the same consumer safeguards. The long-anticipated move by CFPB Director Rohit Chopra, who built his career targeting Big Tech over privacy and competition issues, gives a competitive boost to lenders grappling with an onslaught of new rules from capital hikes and caps on debit and credit cards fees to tougher fair lending standards. The CFPB rule would toughen up supervision, requiring Big Tech to comply with its rules on privacy protections, executives' conduct and unfair and deceptive practices. Seventeen companies would be affected including Apple, Google, PayPal (PYPL.O) and Block's (SQ.N) CashApp, which together facilitated roughly $1.7 trillion worth of payments in 2021, the CFPB said. The value of all non-cash payments - excluding wire transfers primarily used for large transfers - was $128.51 trillion in 2021, Federal Reserve data shows. Subjecting large tech companies in the payments market to similar oversight as banks will increase competition, the agency said. While tech giants rely on banks to process payments via bank-issued credit and debit cards, some - like Apple - charge lenders a fee for those transactions. The CFPB has also expressed concern that tech companies could be monetizing customer data and compromising user privacy.

IDB concerned by slow digitalisation

The Inter-American Development Bank is concerned about the slow implementation of digitalisation in Latin American and the Caribbean. In the report "Latin American and Caribbean Microeconomic Report entitled Digitalising Public Services: Opportunities for Latin America and the Caribbean" which was published this month, the IDB noted that the region was still significantly behind the rest of the world in term of adopting digital practices. The report stated: "Compared to developed countries, governments in Latin America and the Caribbean are significantly lagging in offering digital applications such as learning platforms, apps to promote healthy behaviours, apps for online business registration and tax e-filing. In many cases, governments offer some type of digital public service related to an important development challenge, but the specific service provided is not expected to generate large value to society." The report singled out the limited digital accessibility available for public services, which has created great issues for citizens in the region, particularly after the COVID-19 pandemic.

COMPANY NEWS

• **ANSA McAL:** CHIEF executive officer of the ANSA McAL conglomerate, Anthony N Sabga III, has suggested the passing of legislation to make the payment of ransoms for cyber-breaches illegal. Sabga said he believes this approach will assist organisations in becoming a 'hard target' for hackers. In 2020, the ANSA McAL conglomerate fell victim to a ransomware attack orchestrated by the hackers known as REvil. They seized control of some of the company's information technology (IT) systems, demanding payment. The stolen data included financial documents, agreements, and other sensitive information. The hack also resulted in a significant slowdown and, in some cases, a halt to operations.

• **Adobe Inc:** Figma said on Friday it was carefully reviewing the EU competition watchdog's statement of objections related to the Photoshop maker's proposed $20 billion bid to buy out the cloud-based designer platform. The European Commission said in a statement on Friday that it has informed Adobe of its preliminary view and has conducted a wide-ranging investigation to understand the potential impact of the deal. The transaction could create a dominant player of interactive product design tools by combining Figma, a clear market leader, and one of its largest competitors Adobe, the commission said. Figma said it would continue to engage in constructive conversations focused on the benefits of its deal with Adobe.

• **Amazon:** Amazon.com announced it is trimming jobs at its Alexa voice assistant unit, citing shifting business priorities and a greater focus on generative artificial intelligence. The cuts affect several hundred employees working on Alexa, according to the email. "We're shifting some of our efforts to better align with our business priorities, and what we know matters most to customers - which includes maximizing our resources and efforts focused on generative AI," Daniel Rausch, vice president of Alexa and Fire TV, said in the email. While most of the jobs affected were in the devices division, a few were working on Alexa-related products in a different unit, a spokeswoman said. Amazon has been pulling back in a variety of divisions this month, including in its music and gaming divisions and some human resources roles. The company has said its devices and services business is not profitable, without providing figures.

• **BHP Group Ltd:** Around 400 train drivers for the company's Western Australian iron ore division will begin industrial action late this week after rejecting an offer that they said fell short on working schedules, a union representative told Reuters. Drivers will from Friday stop using a BHP app for roster changes, meaning each worker must be contacted individually if the world's biggest miner wishes to change their working hours, Mining and Energy Union WA secretary Greg Busson told Reuters. Drivers for BHP's highest earning division were trying to show some restraint by voting for action on the lower end of the scale to start, rather than disrupting operations with stoppages, Busson added. BHP said that the proposed action would present logistical challenges but that it had put in place arrangements to mitigate the impact.

• **Blackstone Inc:** The investment firm is in the lead to win the $17 billion portfolio of commercial-property loans from the U.S. Federal Deposit Insurance Corp's (FDIC) sale of Signature Bank debt, Bloomberg News reported on Sunday. In September, the FDIC was seeking buyers for the $33 billion commercial real estate loan portfolio of failed New York lender Signature Bank. Separately, the Wall Street Journal reported on Sunday, citing people familiar with the matter, that a venture of two non-profits and Related Fund Management is poised to win an auction for billions of dollars of Signature Bank loans backed by New York apartments. A formal winner could be awarded as early as Monday, WSJ reported.

• **Citigroup Inc:** The bank's employees expect it to announce layoffs and senior management changes on Monday as part of its biggest reorganization in decades, according to five sources with knowledge of the matter. The job cuts could affect thousands of staff, according to a source familiar with the situation who was not authorized to speak publicly. Executives are also likely to announce senior management changes by email, the source said. Preparations for Monday's announcements were communicated verbally in meetings, according to a source familiar with the situation who was not authorized to speak publicly. Some staff may be able to apply for other roles at the bank, the source said. Separately, Nacho Gutiérrez-Orrantia, one of Citi's most senior bankers in Europe, will become the bank's head of banking in Europe as part of its planned restructuring, people familiar with the situation said.

• **General Motors Co:** Days after the company's Cruise self-driving car unit pulled all of its vehicles off the roads in the U.S. for a safety review, it continues to test them on public roads in Dubai and Japan, Reuters has learned. A spokesman for Cruise confirmed its vehicles overseas, identical to those in the U.S., were still undergoing public testing abroad, saying it was a "small pilot." Asked why it was safe for those to be on public roads in Japan and Dubai, while apparently not safe in the U.S., the spokesman said, "That's the decision we made." He did not provide details on how many vehicles were being tested in those regions.

• **HSBC Holdings Plc:** The bank is on track to meet a target of expanding its China wealth business headcount to 3,000 by 2025, despite the country's current economic headwinds, as it bets on a steadily rising number of the extremely affluent, a senior executive said. The Asia-focused bank has recruited around 1,500 wealth managers in the world's second-largest economy since 2021, Trista Sun, HSBC China head of wealth and personal banking, told Reuters. The growing headcount is in addition to wealth advisory staff in HSBC's Chinese branches, Sun said. HSBC is pressing ahead with the hiring plan as China's wealth and insurance sector is expanding faster than the country's economy is expected to, she added. The bank's targeted wealth clientele - adults with a net worth of at least $250,000 - is expected to double to 350 million by 2030 in China, the bank estimates.

• **Merck & Co Inc:** Advisers to the U.S. health regulator said on Friday that data on Merck's chronic cough drug does not provide sufficient evidence to prove its clinical benefit for patients. The U.S. Food and Drug Administration's (FDA) panel voted 12 to 1 against the late-stage data submitted by Merck for the drug gefapixant, which showed a small reduction in cough frequency compared to a placebo. While the FDA advisers said side effects from use of the drug were manageable, they questioned the effectiveness of the drug citing a high number of patients who dropped out of the study. Merck said it disagreed with the committee as the data showed a meaningful clinical benefit for adults with refractory or unexplained chronic cough. FDA will make a decision on the drug by Dec. 27.

• **Meta Platforms Inc:** The company is dispersing the members of its Responsible AI team among other groups in the company where they will continue to work on preventing harms associated with artificial intelligence, the company said on Saturday. A spokesperson for Meta, which owns Facebook, said in an emailed statement the company intends to bring the staff closer to the development of core products and technologies. Most of the Responsible AI team members will move to generative AI "and will continue to support relevant cross-Meta efforts on responsible AI development and use," the statement said. Some members will go to AI infrastructure. "We continue to prioritize and invest in safe and responsible AI development and these changes will allow us to better scale to meet our future needs," the spokesperson said.

• **Rio Tinto Plc:** The mining company agreed to pay a $28 million fine to settle a U.S. Securities and Exchange Commission lawsuit that accused it of fraud in handling a failed investment in a Mozambique coal project. The settlement disclosed on Friday in Manhattan federal court would end a civil lawsuit filed in October 2017, and requires approval by U.S. District Judge Analisa Torres. Rio Tinto also agreed not to violate recordkeeping and reporting provisions of federal securities laws, and to retain an independent consultant for two years to ensure it properly accounts for asset write-downs. Former chief executive Tom Albanese agreed to pay a $50,000 civil fine to settle related SEC claims. Neither he nor Rio Tinto admitted wrongdoing.

• **Shell Plc:** Venezuela is close to approving a license for the company's and the National Gas Company of Trinidad and Tobago to develop a promising offshore natural gas field and export its production to the Caribbean country, two people close to the matter said. The license could set in motion a long-running effort by Trinidad to boost its gas processing and petrochemical exports, while providing Venezuela with a much-needed extra source of cash. The license could set in motion a long-running effort by Trinidad to boost its gas processing and petrochemical exports, while providing Venezuela with a much-needed extra source of cash. Shell would operate the project with a 70% stake and Trinidad's NGC would hold the remaining 30% under proposed terms, the people said.

• **Tesla Inc:** A U.S. judge dismissed an antitrust lawsuit accusing Elon Musk's electric car company of forcing customers to pay high prices and suffer long waits for repairs by monopolizing the markets for vehicle maintenance and replacement parts. In a Friday night decision, U.S. District Judge Trina Thompson in San Francisco said customers in the proposed class action failed to show either that the alleged problems were "not generally known" when they bought their vehicles, or that they could not predict the costs to keep their vehicles running. She also said customers could not prove that Tesla coerced them into using its services and parts simply because they had bought their vehicles in the first place. The judge also dismissed claims under California consumer protection laws.

RESULTS

JMMB Group Limited (JMMBGL): JMMB Group's performance at the end of the six-month period reflected Net Profit After Tax (NPAT) increase of 147% to J$1.92B in 2023 from a loss of (J$4.06B) in 2022. However, the Group reported a loss of J$633.9M for the second quarter. Group operating revenue for the six months ending September 30th, 2023 was J$11.7B, down 5.6% from J$12.3B. Loss per Share (EPS) of (J$0.35) for the second quarter was 65% higher than last year's (J$1.01). As at 30th September 2023, Total assets stood at J$688B an 8.6% increase over the prior period.

MPC Caribbean Clean Energy Limited (MPCCEL): For the third quarter of 2023, MPC Caribbean Limited incurred expenses of USD$58.9K, a 46% increase over the comparative period in 2022. With no reported investment income, Net Comprehensive loss was also USD$58.9K. Assets declined by 7% to USD$28.6M over the prior period.

Republic Financial Holdings Limited (RFHL): Republic Financial Holdings Limited's consolidated year end results to 30th September 2023 reflect solid interest income growth of 15.4% to TT$5,497 million. Profit Before Tax (PBT) increased to TT$2,599 million compared to TT$2,336 million over the same period in 2022. At year end, Profit After Taxation was up 14.7%, moving from TT$1,685M to TT$1,932M. Earnings Per Share rose to TT$10.69 from TT$9.37 in 2022. For the FY23, Total Assets grew by TT$1,950 million (1.7%) over the prior year.

Trinidad and Tobago NGL Limited (NGL): The Local Gas Company saw its total income in the third quarter of 2023 declined by approximately 80% from $166.8M to $33.8M. The company's profit after taxation for the first nine months of 2023, showed a proportional decline from $165.1M to $32.7M. Total Assets was down by 23% to TT$1,729M over the prior period. Basic Earnings per Share stood at TT$0.21 for the nine-months ending 30th September, 2023.

Unilever Caribbean Limited (UCL): Unilever Caribbean Limited reported a profit after tax of TT$8 million in Q323, down 38% from TT$13M in the third quarter last year. Total Revenue for the first nine months of the financial year 2023 was TT$168.1M, a decrease of TT$28.8M over the prior period in 2022. Total assets declined by 27% to TT$382.7M as at 30th September 2023. Earnings per Share for the quarter was $0.31.

ANALYSTS' OPINION

Applied Materials Inc: Goldman Sachs raises target price to $156 from $152, following the company's strong fourth-quarter results and confidence to outgrow the Wafer Fab equipment prevalent in the current market.

BJ's Restaurants Inc: Piper Sandler raises target price to $32 from $28, following the company's positive outlook and long-term revenue forecast.

Biohaven Ltd: JPMorgan raises target price to $32 from $26, factoring in the momentum from drugs currently in the pipeline for epilepsy and OCD.

Compass Minerals International Inc: JPMorgan cuts its price target to $24 from $36, after the company announced it suspended its lithium project following regulatory hurdles.

Monster Beverage Corp: Roth MKM cuts target price to $55 from $57, citing the company's less-than-expected revenue, gross margin, operating income and adjusted EBITDA.

Sources: Thomas Reuters News, Refinitiv Datastream, Bloomberg, CariCRIS Daily NewsWire, Wise Equities, CNN Business.