



December 2023: A summary for investors

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What's happened in December?

- Global stock markets round out 2023 in style
- Government bonds surge while yields tumble
- UK stands on the cusp of a recession
- US, UK and China keep rates unchanged

Market summary

The UK took a hawkish attitude towards disinflation in December, as the Bank of England kept the base rate unchanged for another consecutive month. GDP growth contracted by 0.1% in the third quarter, likely accelerating the timeline for cutting interest rates.

The US were more dovish in their behaviour with the Federal Open Market Committee predicting growth to be 2.8% for the whole of 2023 and gave strong indications that they're not interested in tightening financial conditions any more.

In Europe and China, interest rates are also seeing falling inflation rates, though economic recovery is still faltering and European businesses are still dealing with monetary tightening.

2023 had its fair share of challenges, but in a year full of predictions of doom and gloom, stock markets produced robust returns. We're entering 2024 with cautious optimism and a reminder that the economy is not the market.

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