

Monthly Market Insights

NOVEMBER 2024





Overview

- With the U.S. Election at the beginning of the month, and concerns over future inflationary issues, November has seen significant movements in the financial markets across all asset classes.
- With Donald Trump winning the election and looking forward to his second term in office, the markets are anticipating a continuation of his pro-business, pro-America policies from his first term driving stock markets, and cryptocurrencies to new all-time highs.
- Trump has already said that he will impose 25% tariffs on Canadian and Mexican goods and a further 10% on existing tariffs on Chinese goods. With the potential for further tariffs and trade wars, the markets are anticipating the potential impacts on inflation, not just in America but globally, which could impact global central bank policy.
- With U.S. CPI data also coming in at 2.6% above the FED's target of 2%, and FED Chair Jerome Powell following that with a statement that "the economy is not sending signals that the U.S. central bank needs to be in a hurry to lower interest rates", the general outlook for the USD remains bullish.
- All eyes will remain on upcoming non-farm payrolls, CPI releases and Central Bank Rate announcements for clues on the labor market's performance and how central banks worldwide will be adjusting to the new political and geo-political landscape.

02

Forex

USD has seen 8 straight weeks of gains, and this has seen a common theme in the market across USD crosses. Bolstered by Trump's re-election and commentary coming from the FED about future interest rates the long-term outlook still remains bullish.

However, as you can see from the below weekly chart on the DXY (USD Basket which indicates USD strength), we have come to the top of a 2-year range, which in the short term at least could lead to some profit-taking due to the technicals.

GBPUSD hit resistance around **1.34** a few weeks ago and has since fallen sharply to a low of around **1.26**. While GBP has performed better against other currency pairs, concerns over the impact of any potential U.S. imposed tariffs would have on GDP and the effects of the Autumn Budget on economic growth and inflation gives a more mixed outlook.



Figure 1: DXY Weekly Chart currently near 2-year resistance between 107.00-108.00



Forex

The ECB's stance on interest rates remains a focal point for the month ahead. While some analysts anticipate potential rate cuts, the ECB's decisions will be guided by inflation dynamics and economic indicators.

Concerns in the Chinese economy have impacted **AUD** and **NZD** due to their respective strong trade relationships and with the Bank of Japan (BoJ) due for a key meeting on 18th and 19th December where it is expected to release findings from a comprehensive review of its extensive monetary easing tools, which will be key for BoJ's future policy. Recent comments from BoJ Governor Kazuo Ueda suggest that the central bank is making progress towards sustained wage-driven inflation, hinting at a potential interest rate hike as early as December.

03

Indices

U.S. Indices had their best-performing week in more than a year in November as they looked towards potential pro-business policies from the new Trump administration, including Tax cuts and deregulation.

The **S&P500**, **Dow Jones**, and the **NASDAQ** continue to make new all-time highs and continue their strong performance for 2024.

As the year ends, institutional investors may rebalance their portfolios, potentially causing unusual market movements. So we could expect higher trading volumes and sector rotation as funds adjust exposures.



Figure 2: S&P500 Daily Chart - Source: VT Markets MetaTrader 5

04

Gold

Gold has had a phenomenal year in 2024, consistently making new highs. This has been mainly led by its position as a safe-haven due to the uncertainty surrounding geopolitical issues such as the war in Ukraine and tensions in the Middle East.

With that said, Gold fell about **9%** from its highs at **\$2790/oz** just before the election result to find support around the **\$2540/oz** area, and certainly in the short-term we could see more downward pressure on Gold, especially if the FED slows down its forecasts for future rate cuts.



Figure 3: 4-Hour Chart of Gold showing recent correction after U.S. Presidential Elections - Source: VT Markets MetaTrader 5

05

Oil

Oil prices have remained relatively stable recently amongst the ongoing geopolitical issues that will continue to play their part in global markets, but especially Oil.

OPEC+ have implemented production cuts which could impact supply levels in the coming months, although some of this is likely to be offset by increased output from the likes of the U.S. and Brazil.

As previously mentioned, the ongoing crisis in the Middle East will continue to affect Oil and can lead to price volatility, which can bring about risks that traders should be prepared for.



Figure 4: Crude Oil Weekly Chart - Source: VT Markets MetaTrader 5

06

Stock Spotlight – Tesla

With a reported **8%** year-over-year growth representing a strong financial performance, Elon Musk’s bullish forecast of **20-30%** growth in vehicle sales for 2025 and Musk having a perceived growing influence on the new administration, **Tesla’s** share price has made new 2-year highs around **\$362.72**.

Growth in Tesla’s autonomous vehicle and AI capabilities is a key driver for future valuation. However, there are still plenty of challenges that lie ahead for Tesla that need to be taken into consideration. There are concerns about its ability to scale production to meet targets, intensified competition from new entrants into the EV market, and potential macroeconomic pressures such as rising interest rates which could put pressure on consumer spending.

The outlook for Tesla’s stock price appears optimistic in the long term, supported by innovation and strong demand. However, investors should weigh potential risks to justify its current valuation.



Figure 5: Tesla Daily Chart - Source: VT Markets MetaTrader 5

07

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Ross is the Global Strategy Operations Lead at VT Markets, bringing over two decades of investment and trading expertise from major financial hubs including London and Hong Kong. His role focuses on expanding VT Markets' global presence while delivering comprehensive thought leadership content that combines technical and fundamental analysis.

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