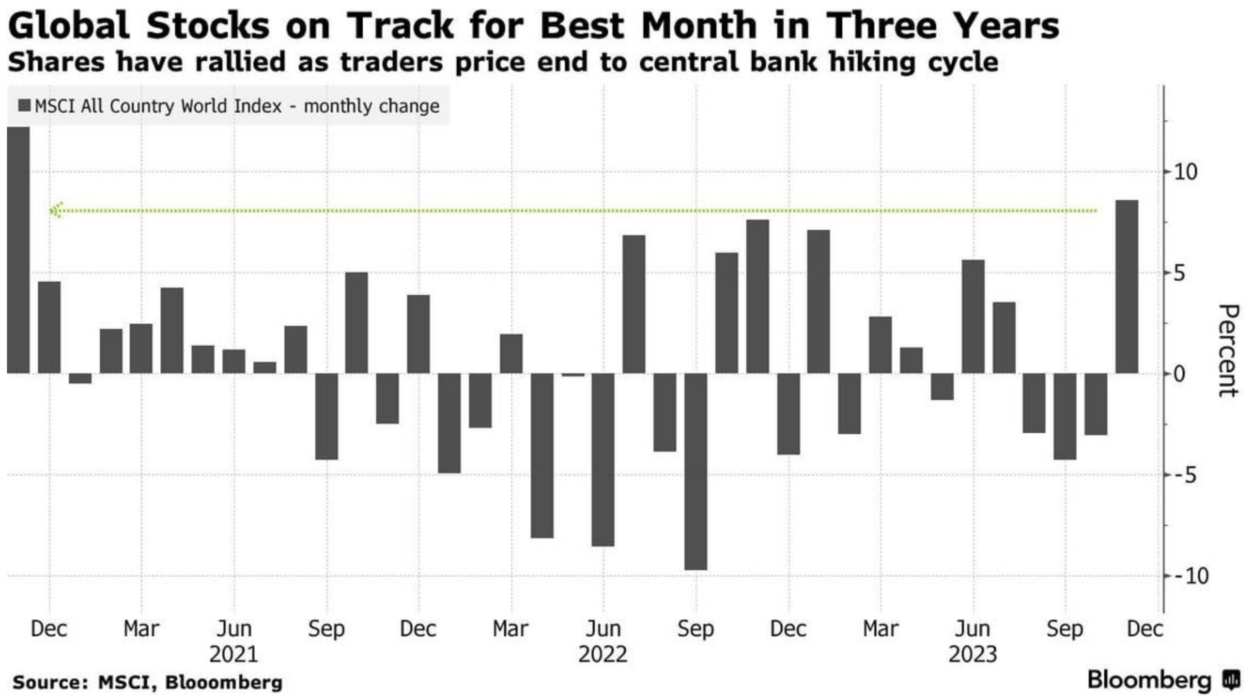
Global Stocks on Track for Best Month in Three Years

This time last year, market sentiment pointed to a certain recession in 2023 for all major economies, with the question only being whether it would be a hard recession or soft recession. In the 12 months since, we have seen markets not only stave off recessionary talk but rally, helped by the AI boom in the first half of the year and positive inflation data in the latter half of the year. The below chart from MSCI, Bloomberg sums up the recent growth in stock markets globally. Global stock markets are now on course for their best month in three years, with the MSCI All Country index set to gain 8.6% in November. The last time a figure was higher than this on a monthly basis was in November 2020.



Our next data insight released by Goldman Sachs highlights GDP growth forecasts for 2023 into 2025. Overall, the GDP for the worlds economy is expected to contract slightly next year to 2.6%, before rebounding to 2.7% in 2025. Looking regionally, in Europe, Goldman anticipates that the Euro Area, along with Germany, France and Italy will all see year over year growth in GDP, highlighting the positive sentiment there is towards EU economies at present. Taking a look at the US we can see GDP in 2024 is expected to contract to 2.1%.

Real GDP growth forecasts

(% change, yoy)

	2023E	2024E	2025E
World	2.7%	2.6%	2.7%
US	2.4%	2.1%	1.9%
Euro Area	0.5%	0.9%	1.5%
Germany	-0.1%	0.6%	1.3%
France	0.9%	1.1%	1.3%
Italy	0.7%	0.7%	1.2%
Spain	2.4%	1.7%	1.7%
China	5.3%	4.8%	4.2%
Japan	1.9%	1.5%	1.1%
UK	0.5%	0.5%	1.0%
Canada	1.3%	1.1%	1.7%
India	6.4%	6.3%	6.5%
Brazil	3.1%	1.6%	2.4%
Russia	2.4%	2.1%	1.3%

All forecasts as of Nov. 8, 2023, at 11am EST. All forecasts are calculated on calendar year basis except when otherwise stated. IMF forecasts used for India 2025 consensus when quarters not available in Bloomberg. The global growth aggregates use market FX countryweights. Source: Bloomberg, Goldman Sachs Research

Goldman Sachs

Our final data insight comes from Morgan Stanley and charts the returns of the S&P500 in US election years from 1928 to 2020. Over that period, the average return within the election year has been 11.6%, with only four instances where the S&P500 had a negative year. These were 1932, 1940, 2000 and 2007. In 1932, the US was in the grips of the Great Depression and in 1940, the War in Europe was raging. The 2000 and 2007 elections both took place against the backdrop of economic downturns. For the two-year compounded average, taking in the election year and the year after, the S&P 500 has returned 10% over this period.

Year	S&P 500 Index annual total return: Election year	S&P 500 Index annual total return: One year later	S&P 500 Index annual total return: Two-year compound annual average
1928	**43.6%**	**-8.4%**	**14.7%**
1932	-8.2%	54.0%	18.9%
1936	**33.9%**	**-35.0%**	**-6.7%**
1940	-9.8%	-11.6%	-10.7%
1944	19.8%	36.4%	27.8%
1948	5.5%	18.8%	11.9%
1952	**18.4%**	**-1.0%**	**8.3%**
1956	**6.6%**	**-10.8%**	**-2.5%**
1960	0.5%	26.9%	12.9%
1964	16.5%	12.5%	14.4%
1968	**11.1%**	**-8.5%**	**0.8%**
1972	**19.0%**	**-14.7%**	**0.8%**
1976	**23.8%**	**-7.2%**	**7.2%**
1980	**32.4%**	**-4.9%**	**12.2%**
1984	6.3%	32.2%	18.5%
1988	16.8%	31.7%	24.0%
1992	7.6%	10.1%	8.8%
1996	23.0%	33.4%	28.1%
2000	-9.1%	-11.9%	-10.5%
2004	10.9%	4.9%	7.9%
2008	-37.0%	26.5%	-10.7%
2012	16.0%	32.4%	23.9%
2016	12.0%	21.8%	16.8%
2020	18.4%	28.7%	23.4%
Average	**11.6%**	**10.7%**	**10.0%**

Source: Morgan Stanley