**Approaching Christmas on a High Note**

## December is upon us and with Christmas approaching, many are thinking about Christmas celebrations, catching up with friends and family, and holidays to the beach. Another reason to cheer is that if we look back over 2019 global economies have continued to expand, businesses have continued to grow, and global share markets have risen over 20%, well above the average historical yearly return of around 10%.

## However, far from being unusual, a yearly performance of 20% or greater has occurred one third of the time.

## The illustration on the right shows the US share market’s annual performance going back to 1871. Dividing the years up by performance shows how often 20%+ returns happen! Interestingly while the average performance since 1871 is 10% only two years (1899 & 1993) have actually had a return of 10%!

## As we think about the 2019 year in review, there has been a lot of news about trade uncertainty, geopolitical concerns, and slowing economic growth. Despite all of these things, the global economy still looks likely to have expanded in 2019 by US$3 trillion to an estimated US$88 trillion. This growth in the world economy continues to be supported by trade, consumer spending and company earnings.

## Following last year’s modest decline, this year’s strong gains are a good illustration of the value in ‘staying the course’ during the occasional periods of shorter-term weakness that come with long-term investing. While performance in 2020 may be above or below the long-term averages, the broad economy is likely to continue to support markets growing over the long term. In this light, the Christmas break is always a good time to reflect, and an opportunity think about your long-term financial objectives. This is something your financial adviser is well placed to help with - having a plan written down will leave you assured that you are on track to meet your goals.

**Market & Portfolio Update – November**

## The month of November saw positive results from global share markets, as the United States and China look set to make progress on resolving some of their trade disputes after the last 18 months. Additionally, business confidence improved in both countries, suggesting improvement in the global economy.

## While global share markets gained 4% on this optimism, New Zealand shares rose slightly more – this was driven by the retirement village operators, with some signs that New Zealand’s housing market, in particular Auckland, may be rebounding.

## Also in New Zealand, the Reserve Bank surprised the market by keeping the Official Cash Rate on hold at 1%, rather than cutting rates further as expected. They cited a more upbeat environment for our local economy, although reiterated that interest rates would remain low. Given the ‘surprise’ it was pleasing to see that New Zealand share investments held up well after having been supported by falling interest rates in recent years, with good returns from A2 Milk and Pushpay (each up close to 20%) adding to the support from the retirement sector.