

# Market strategy

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## Focus moving to economic conditions

### 1. US CPI clearly slowing albeit at uneven pace

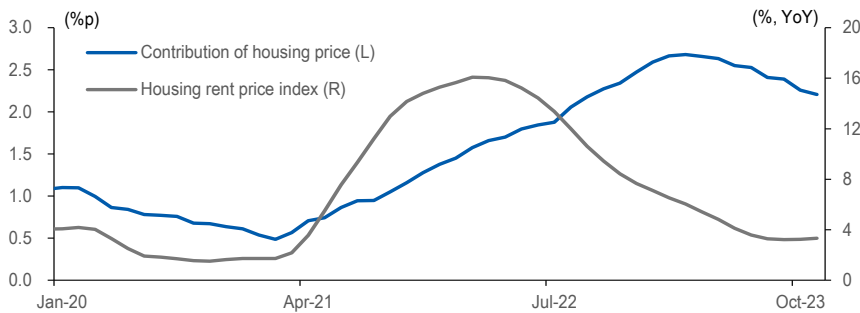
The US CPI in November rose 3.1% YoY, meeting consensus, with growth slowing slightly MoM (3.2% in October).

Meanwhile, the contribution of core service inflation, which had been slowing for nine-straight months, turned to a slight increase in November.

Although there are some factors impeding a clear decrease in inflation, we do not believe they are big enough to undermine the overall downtrend.

Barring an unexpected shock to the current trend, we believe inflation can stabilize in the high-2%-range in 1Q24.

#### Rent, a major price burden, stabilizes; contribution of home prices slows for 8 straight months



Source: Bloomberg, Yuanta Securities

### 2. Pressure from inflation easing, but expectations falling

According to a New York Federal Reserve survey, one-year expected inflation fell to 3.4% in November, down from October's 3.6%.

While consumers still expect earnings to grow for the next year, the perceived probability of losing one's job increased given concerns about economic conditions.

US small business sentiment also predicts that supply prices will decline in the future.

However, regarding credit conditions, negative forecasts increased. In addition, interest rates for short-term borrowing increased sharply and planned capital expenditures also declined.

#### Inflation expectations falling, but concerns over losing a job rising



Source: Federal Reserve Bank of New York, Yuanta Securities

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