

MONTHLY REVIEW

MACRO

Despite contrasting economic data, financial markets continued to advance in July. Although inflation indicators are satisfactory, underlying inflation remains high. In response to this situation, the Fed and the ECB decided to increase interest rates by 25 basis points.

The manufacturing sector in Europe and Asia still shows signs of weakness, while in Europe, the index measuring activity in services recorded a decline below the 50, signaling a contraction after four months of continuous growth. Despite these challenges, investor confidence in financial markets reflects their hope that restrictive monetary policies will soon come to an end without causing severe economic recession.

Earnings season has begun, and the initial reports have exceeded the consensus earnings per share by an average of 5%. However, some companies have reported less dynamic or even significantly lower revenues, leading to disappointments for certain major corporations and prompting sector rotations.

In the coming weeks, financial markets may experience some volatility due to the summer period and lower trading volumes. While earnings will likely continue to influence the markets, investors' attention will primarily be on statements from central bank officials gathered at Jackson Hole at the end of the month.

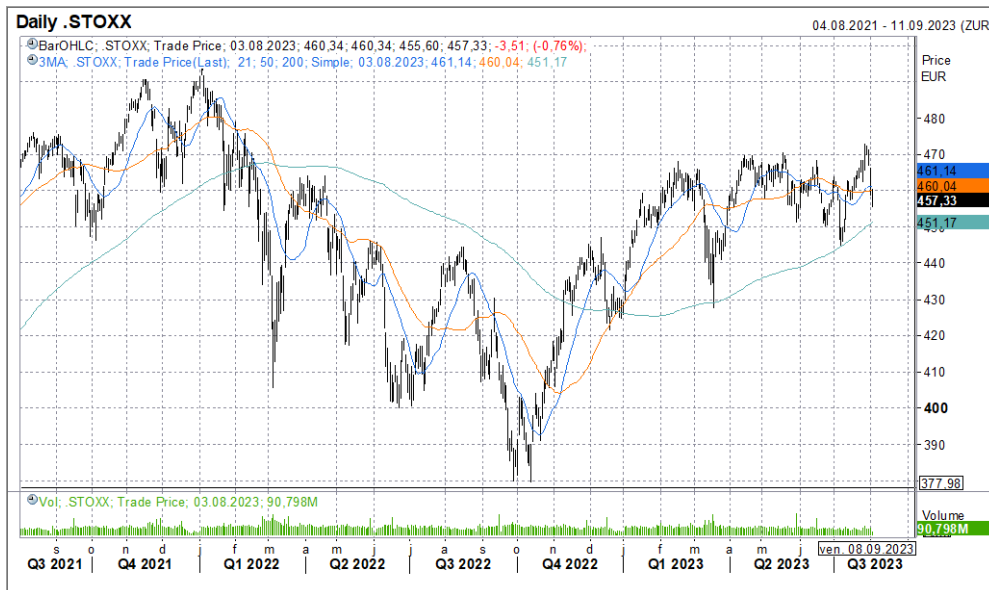
To conclude, it's interesting to note that almost all Wall Street economists no longer anticipate a recession, even in a context where consumer credit weakened in May and tightening credit conditions for businesses likely imply a contraction. Currently, there is much optimism on Wall Street.

EQUITY MARKETS

During the month, the Stoxx600 index recorded a 2.04% increase. As is often the case at the beginning of the semester, sectors that were lagging, such as real estate and energy, experienced a strong rebound. Banking stocks also saw a significant rise thanks to very solid semi-annual results in terms of interest margins, risk costs, and capital. Only three sectors showed a slight decrease (utilities, durable goods, and technology), mainly due to profit-taking on some stocks after the earnings releases.

July performance: CAC40 1.62% (YTD 15.82%), SMI 0.26% (YTD 5.40%), Stoxx600 2.04% (YTD 10.93%), Nasdaq 3.81% (YTD 37.07%), S&P500 3.11% (YTD 19.52%), Hang Seng 6.15% (YTD 1.50%), Topix 1.48% (YTD 22.78%).

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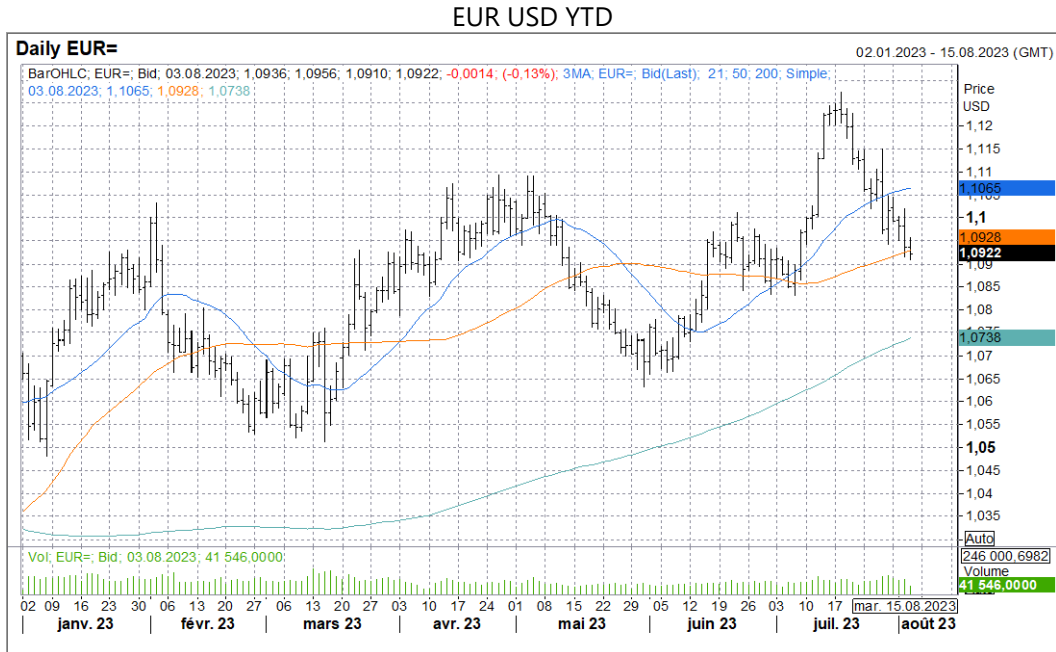


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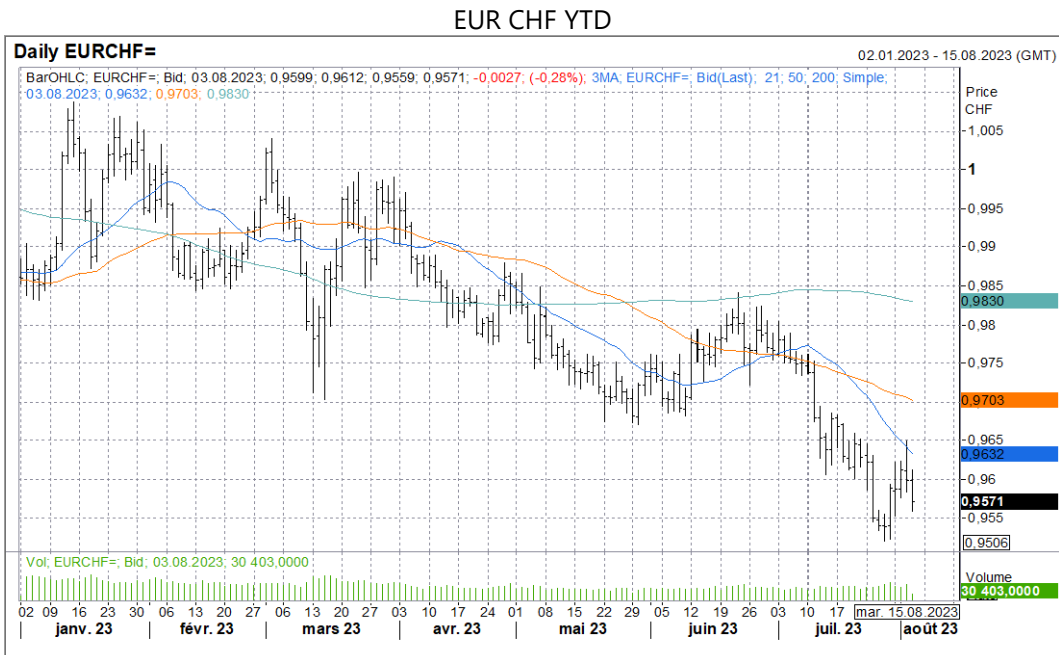


FOREIGN EXCHANGE MARKET

When observing the overall evolution of the dollar against the euro, there have been few significant changes. However, during one week in mid-July, the dollar depreciated by 2% against the single currency. This volatility is mainly due to investors' expectations regarding interest rates in the United States, which they perceive as a sign of the end of rate hikes, a situation that is not yet the case in Europe.



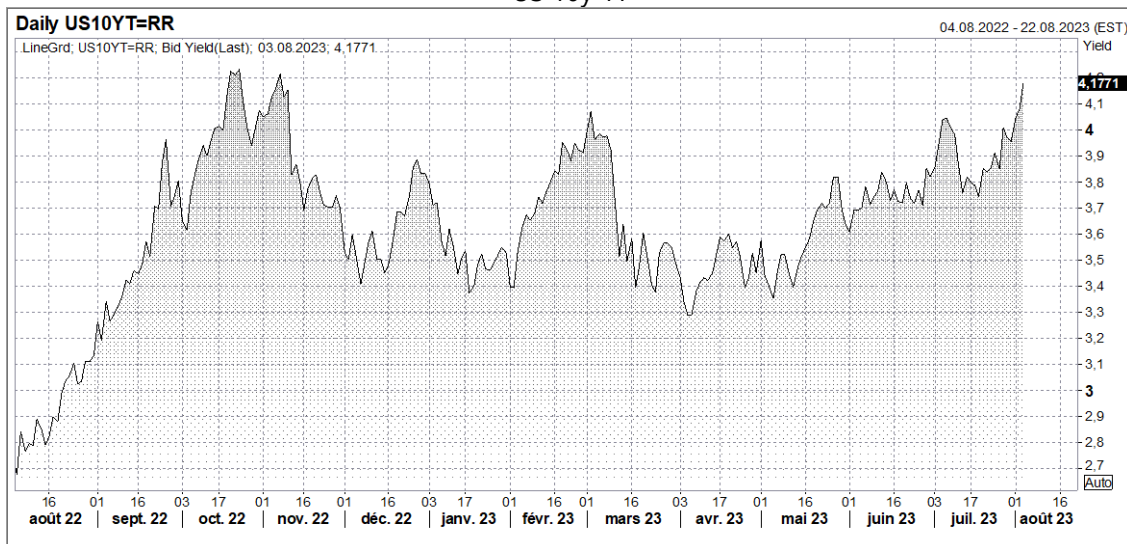
Economic indicators are declining in Europe, and debt continues to rise in the region, while geopolitical tensions exert constant pressure on the Swiss franc relative to the euro.



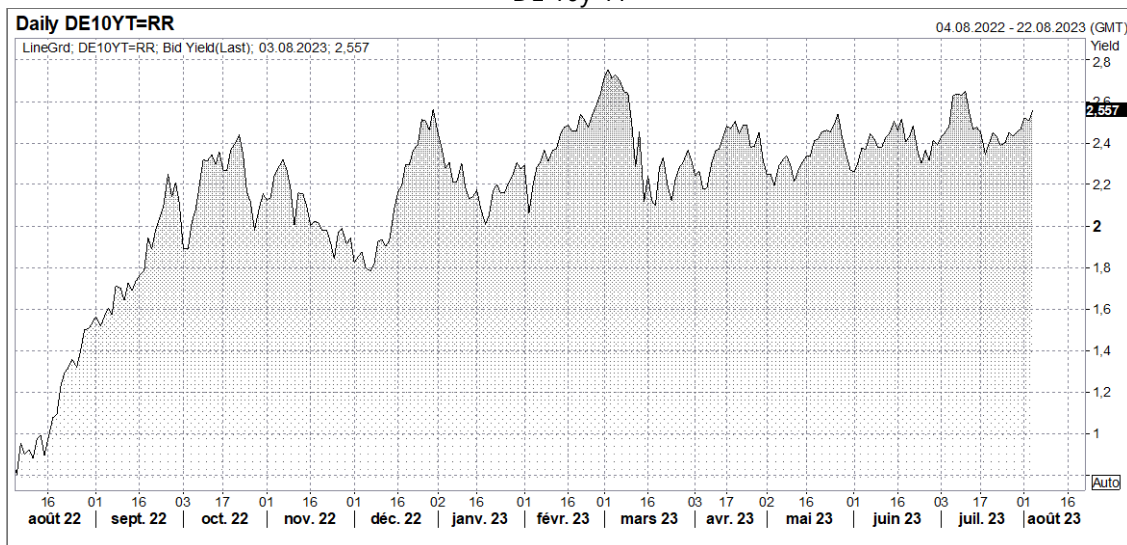
BOND MARKET

In July, interest rates experienced significant volatility, dropping significantly before returning to their initial positions at the beginning of the month. This situation mainly stems from the uncertainty among investors about interest rate expectations.

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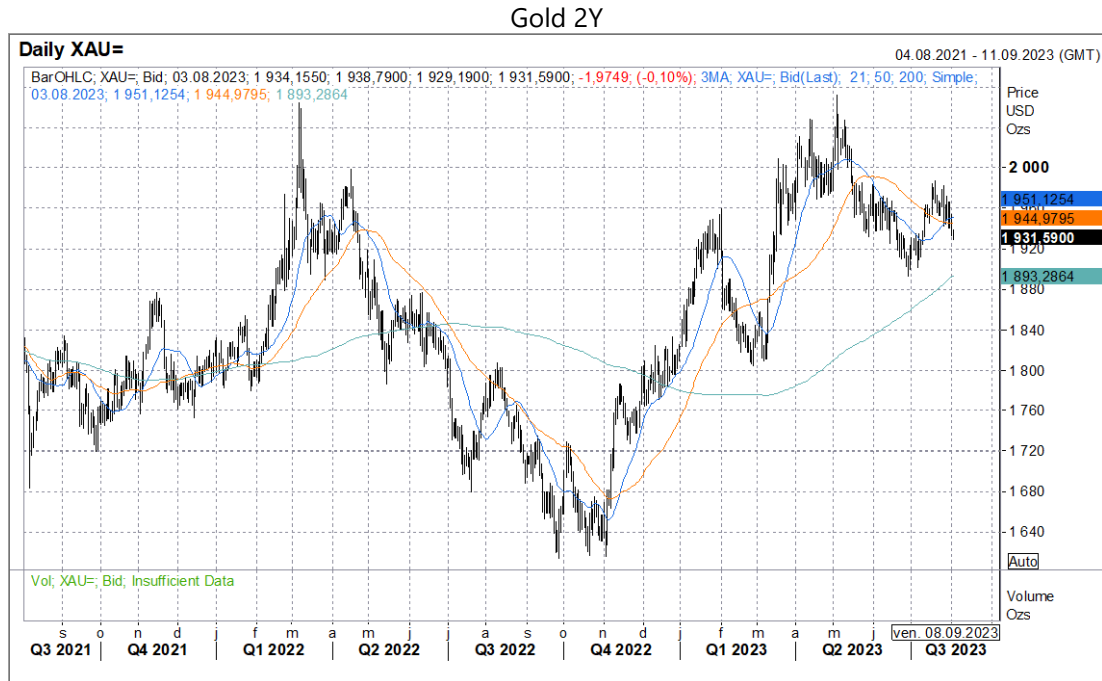


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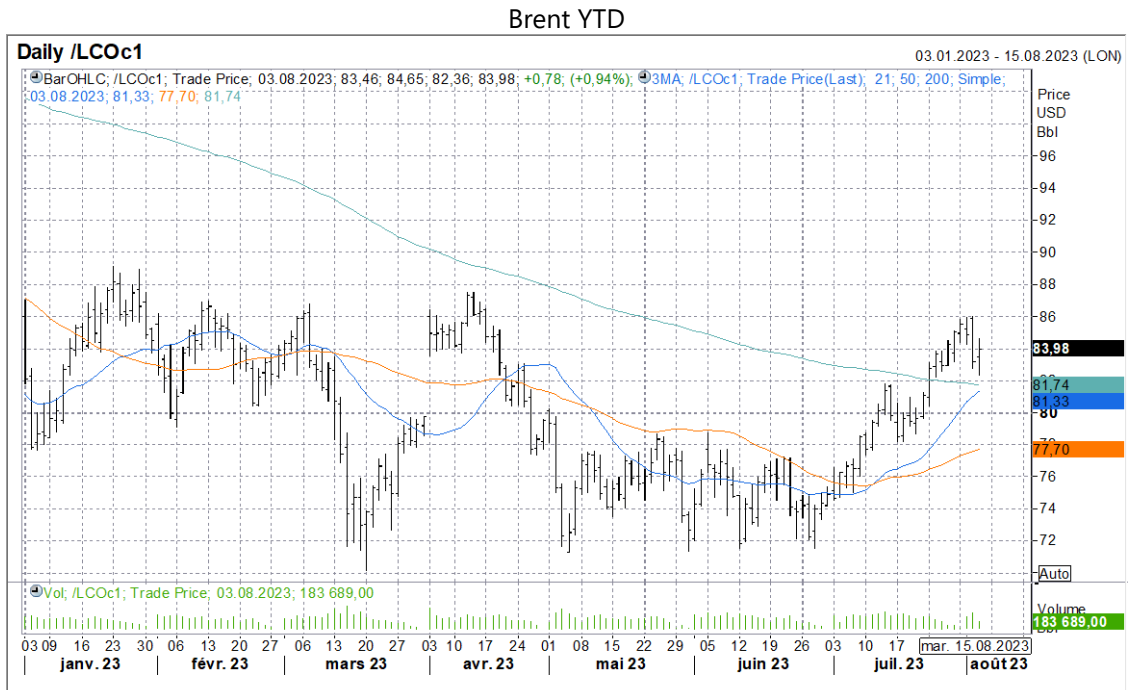


COMMODITIES

Gold remains constantly subject to fluctuations in US rates, which also affect the value of the dollar and the price of gold in emerging markets.



Geopolitical tensions and the fading specter of recession supported the rise in oil prices during the month of July.



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