MONTHLY REVIEW

MACRO

August started on a delicate note, marked by news from China that did little to bolster investor confidence. Observers were anticipating a bold move, in the Chinese fashion, possibly even a spectacular intervention by the People's Bank of China (PBOC), perhaps in the form of a multi-billion-dollar plan. However, the PBOC chose to maintain the 5-year benchmark lending rate at 4.2% rather than reducing it to 4.05%. Ultimately, since mid-August, authorities have implemented a series of measures aimed at supporting the markets and the economy, especially the real estate sector, which has been severely impacted.

The PMI (Purchasing Managers' Index) indicators were rather disappointing both in the United States and in Europe. The economic slowdown in the Eurozone was more pronounced than expected in August, primarily due to economic difficulties in Germany, the largest European economy. The composite PMI, which encompasses both the services and manufacturing sectors, reached its lowest level since November 2020, dropping to 47.0 from 48.6 in July. The downward trend was accentuated by the service sector figures, which showed a clear slowdown. Meanwhile, in the United States, economic activity slowed with an index of 50.4 in August, compared to 52 in July. However, by the end of August, stock markets unexpectedly reacted positively to news that appeared unfavorable: the number of job openings in the United States fell to 8.83 million in July, reaching its lowest level since the beginning of 2021. This unexpected decline in job openings provides new evidence that labor demand is cooling. These data fuel hope in financial markets that central banks will interpret this sign of economic slowdown as a reason to reconsider their restrictive monetary policy.

In conclusion, August was characterized by the conclusion of the earnings season. Despite solid reported performances, markets did not exhibit a significant positive reaction, suggesting that these results were already largely factored into expectations.

EQUITY MARKETS

Until August 18th, the stock market took a hit, experiencing losses ranging from 5% to 10%. However, the situation turned around towards the end of the month due to a disappointing US employment figure, allowing the market to conclude the month on a more positive note.

August performance: CAC40 -1.21% (YTD 13.02%), SMI -1.62% (YTD 3.70%), Stoxx600 -1.92% (YTD 7.84%), Nasdaq -1.74% (YTD 34.09%), S&P500 -1.51% (YTD 17.40%), Hang Seng -8.14% (YTD -7.07%), Topix -0.23% (YTD 24.21%).

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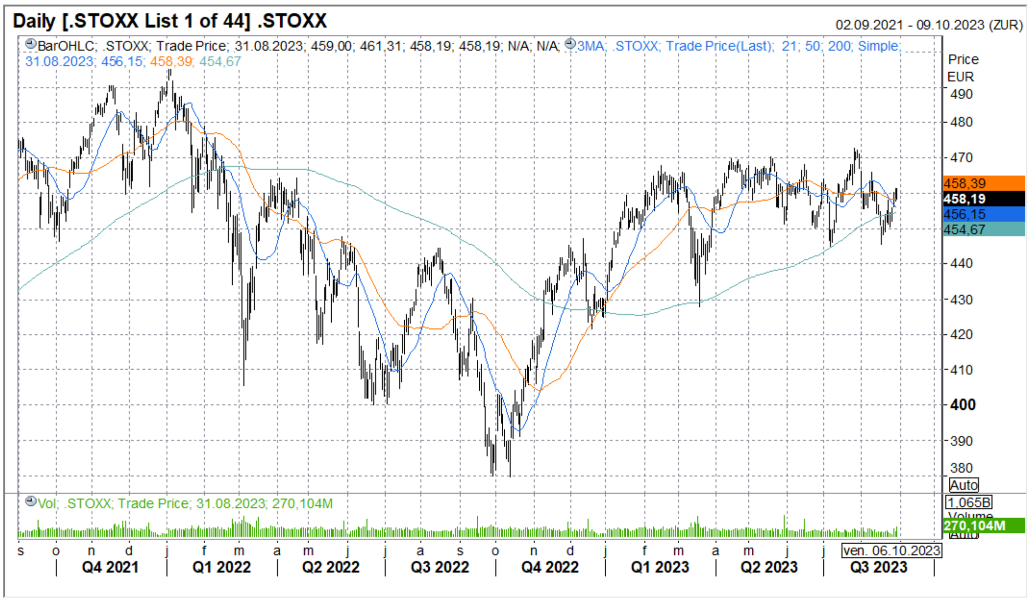


Nasdaq 100 2Y

FOREIGN EXCHANGE MARKET

Sustained by a significant rise in US interest rates, the dollar strengthened its position over the course of August. Furthermore, a series of unfavorable PMI indicators in Europe weakened the performance of the euro.

EUR USD YTD

Macroeconomic data exerted downward pressure on the euro, thereby fortifying the Swiss franc. Over the past three months, the currency pair has remained within a narrow range, fluctuating around 0.95 to 0.96.

EUR CHF YTD

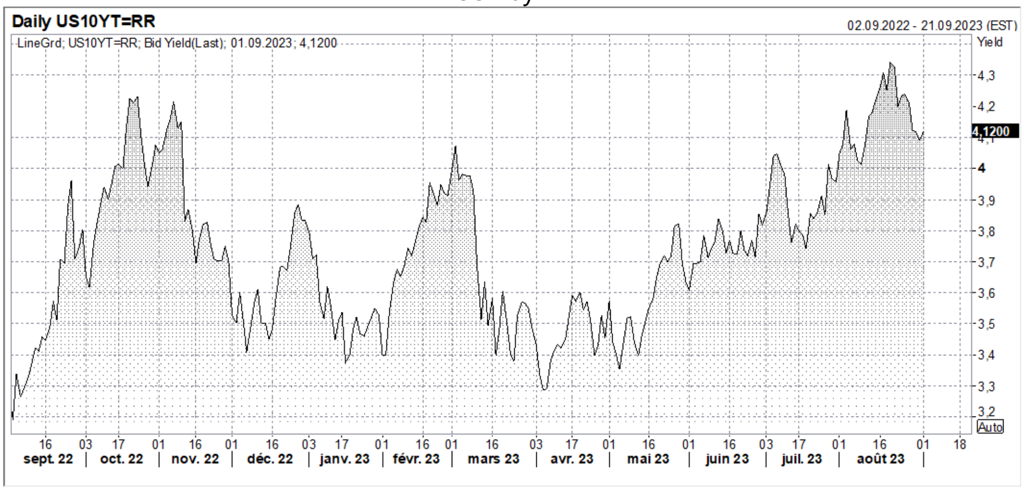
BOND MARKET

The month of August was characterized by a sudden rise in interest rates, primarily in the United States. The 10-year rate surged from 4% to 4.35%, reaching its highest level since October of the previous year, a period marked by unsustainable inflation. This increase can be attributed to investors observing the continuous resilience of the US market against all forecasts, discerning no signs of economic fatigue that might prompt the central bank to react by lowering rates.

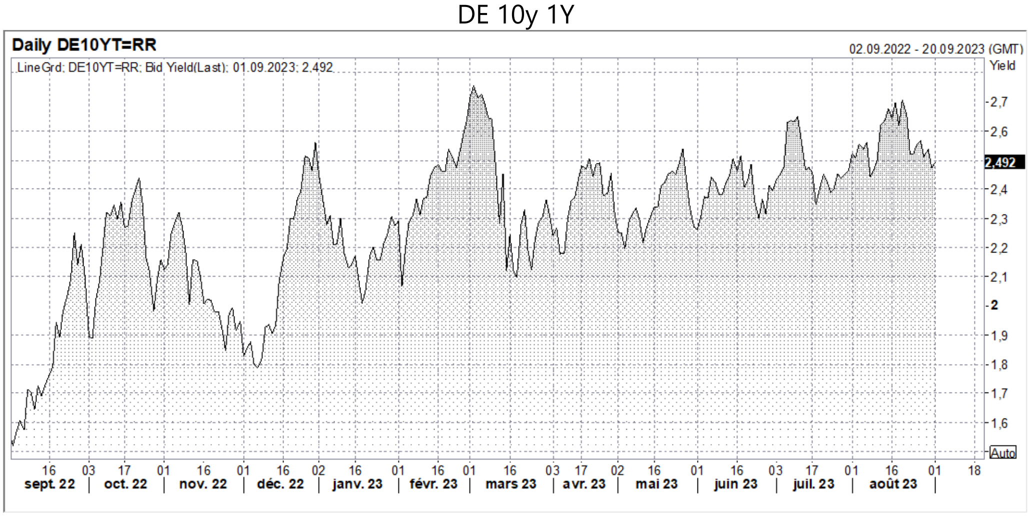
However, this rate hike was interrupted by the release of US employment figures towards the end of the month. Job openings in the United States declined more than expected in July, reaching their lowest point in over two years. This reinforces the notion that labor demand is cooling. This announcement immediately prompted a decrease in rates, anticipating a response from the Federal Reserve (Fed).

In conclusion, this situation demonstrates that the bond market remains volatile and is highly dependent on economic indicators.

US 10y 1Y



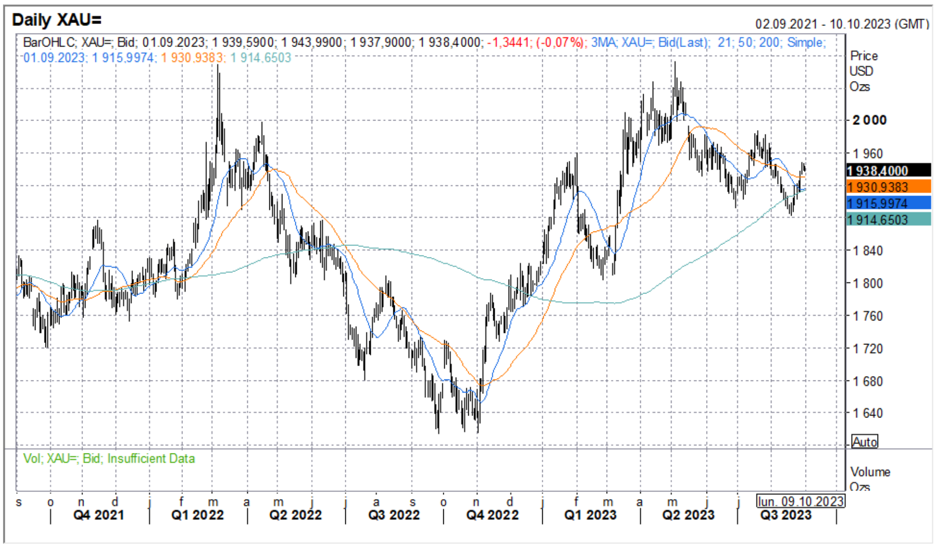
DE 10y 1Y



COMMODITIES

The price of gold regained strength following a series of uninspiring US data. These data reinforced the anticipation that the Federal Reserve would halt its rate hikes this year. By mid-August, the price of an ounce reached $1,885, its highest level in 5 months. As has been the case throughout the year, it remains crucial to monitor interest rates and the value of the dollar to predict and explain fluctuations in the price of gold.

Gold 2Y



The price of oil experienced a sharp increase during the month, primarily due to the visible effects of the OPEC's production cuts over the past six months. The Brent crude price surged to $88, thus reaching levels observed at the beginning of the year.

Brent YTD

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