MONTHLY REVIEW

MACRO

Markets continue their ascent, reaching new highs despite a lackluster start to the year with declines of 3 to 4%. This month, attention has focused on the drop in inflation, thus opening the possibility of an upcoming interest rate cut by the Fed in March. However, the momentum was disrupted by a slightly higher-than-expected consumer price index in December.

By the end of the month, any recession outlook is brushed aside. Stellar U.S. statistics, including a 3.3% growth in U.S. GDP in the fourth quarter, surpass expectations. Both the manufacturing and services PMI indices confirm expansion in the United States, further dispelling recession risks. The S&P 500, meanwhile, hits new historical highs.

Investors continue to bet on short-term monetary easing, while giving up hope for a rapid economic recovery in China. Beijing chooses to support financial markets rather than opting for a comprehensive economic stimulus plan, eliciting positive reactions in Chinese indices, although investors remain somewhat dissatisfied.

OUTLOOK

The U.S. economy continues to demonstrate remarkable resilience, prompting the Federal Reserve to adopt a cautious approach to any rate cuts, fearing to reignite economic activity and potentially trigger inflation. Despite this dynamic, stock markets continue to advance, reflecting investors' persistent confidence in the resilience of the U.S. economy, even as the beginning of the rate cut cycle is postponed.

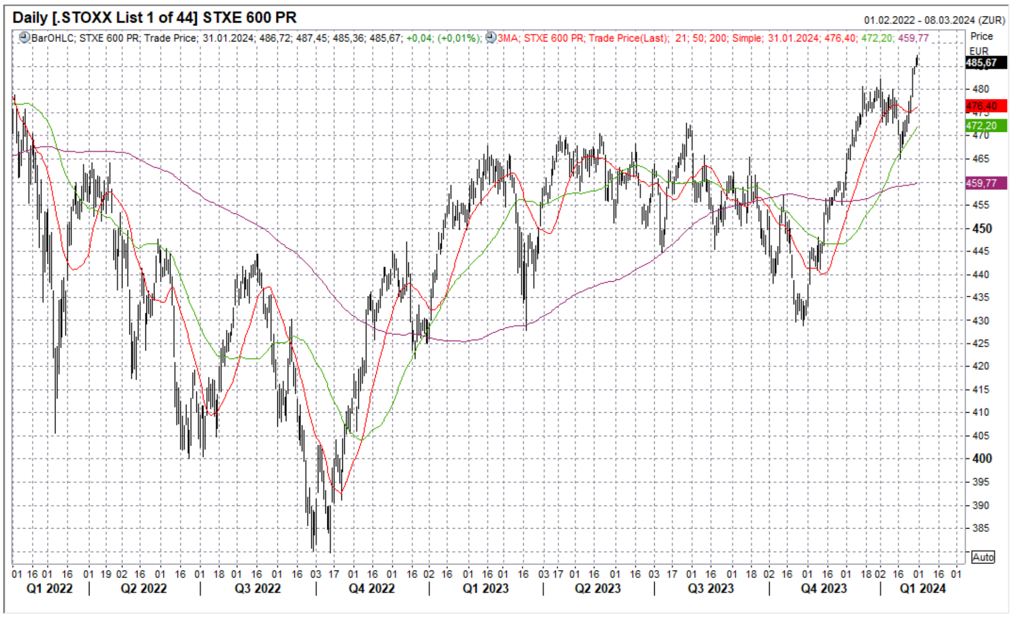
In Europe, the situation presents some nuances, with less encouraging economic indicators and a reluctance of central bankers to lower interest rates, although the start of this decline seems imminent. European stock markets show a trend towards caution, with a preference for individual stocks, which appear to benefit from good news rather than the economic environment.

EQUITY MARKETS

The market maintains a trajectory similar to the previous year, characterized by notable disparities between different sectors. Technology remains at the forefront with an increase of about 5%, closely followed by the financial sector, which has displayed robust performance, and the pharmaceutical sector, experiencing a renaissance with a 3% increase. Semiconductors dominate the early part of the year with a growth of +9%. However, six sectors recorded negative performances in January, including hardware and discretionary consumer goods sectors, showing a decrease of about 3%. It's worth noting significant declines in the electric vehicles (-12%) and rare earths (-20%) sectors.

Performance in January: CAC40 1.51% (YTD 1.51%), SMI 1.76% (YTD 1.76%), Stoxx600 1.39% (YTD 1.39%), Nasdaq 1.02% (YTD 1.02%), S&P500 1.59% (YTD 1.59%), Hang Seng -9.16% (YTD -9.16%), Topix 7.81% (YTD 7.81%).

Stoxx600 2Y



Nasdaq 100 2Y

FOREIGN EXCHANGE MARKET

The dollar has strengthened against the single currency, following the upward trend in U.S. interest rates, which experienced a slight increase. Over the past 10 months, the pair has fluctuated within a range of 1.06 to 1.10. It is noteworthy that this dynamic could evolve based on decisions made by central banks in the coming months.

EUR USD YTD

After a strong recovery in the early part of the year, primarily driven by technical factors, the euro subsequently lost some of its strength against the Swiss franc. It is crucial to highlight that investors seem to favor the Swiss franc, perceived as less sensitive to current political tensions in Europe.

EUR CHF YTD

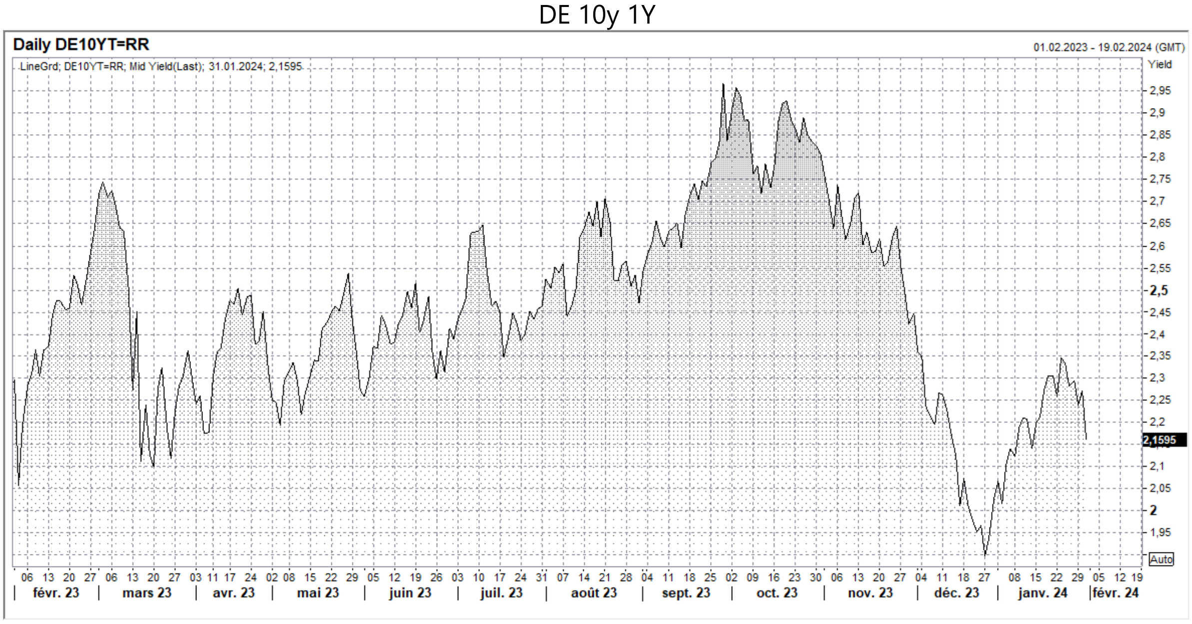
BOND MARKET

It took until the last day of January for notable activity in the bond markets. All eyes were on Jerome Powell's speech, eagerly awaiting clear guidance on future events. March is now in the background. Despite the market's dominant assumption of a potential rate cut in March, the Fed Chair practically dismissed this prospect. Impressive U.S. employment statistics for January reinforced this stance. The resilience of the U.S. economy prompts the Federal Reserve to refrain from rate cuts, aiming to prevent a surge in activity that could lead to a resurgence of inflation.

The likelihood of monetary easing (rate cuts) at the March meeting has dropped to 17%, compared to 70% a month ago.

US 10y 1Y

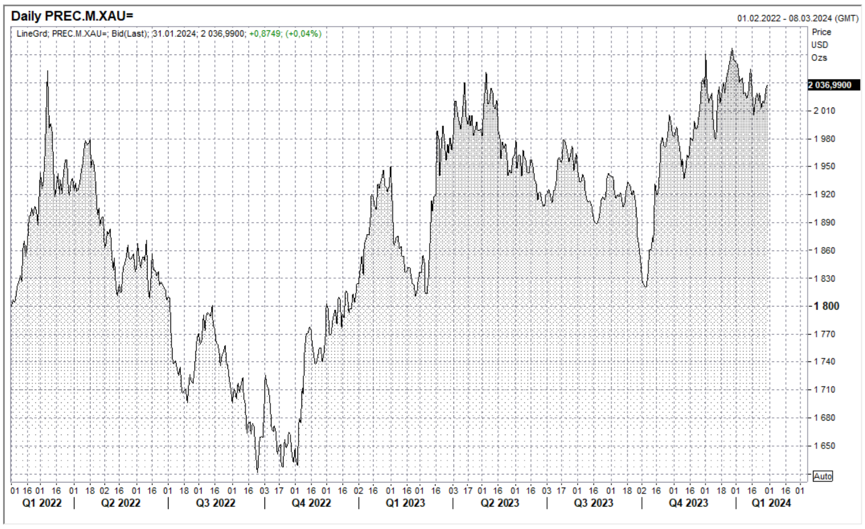
DE 10y 1Y



COMMODITIES

The evolution of gold prices brings little new, remaining closely tied to the correlation with U.S. interest rates. The rates experienced a slight increase at the beginning of the year, exerting downward pressure on the price of gold. However, geopolitical tensions maintain the threshold at $2000. With potential interest rate cuts throughout the year in view, gold could capitalize on this context and see its prices rise by the end of the year.

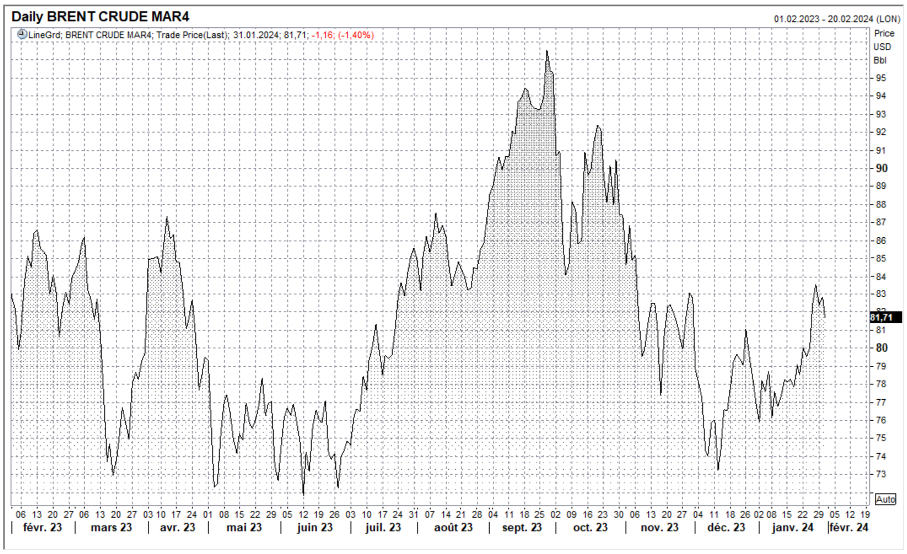
Gold 2Y



In January, we observe an increase in oil prices. Tensions persist in the Red Sea region, marked by new U.S. strikes against the Houthis in Yemen. The recent report from the International Energy Agency adopts a pessimistic tone, predicting a well-supplied market this year, especially if OPEC+ maintains its production cuts.

Despite this, global demand for oil is expected to grow by 1.24 million barrels per day in 2024, a slower increase compared to the 2.25 million barrels per day recorded in 2023. Meanwhile, European natural gas continues its decline, reaching 28 EUR/MWh for the Rotterdam TTF.

Brent YTD



DISCLAIMER

The information in this publication does not constitute investment advice or recommendation(s), and shall not be construed as a solicitation or an offer for sale or purchase of any products, to effect any transactions or to conclude any legal act of any kind whatsoever. The information is for internal use only however this publication may be transmitted to a client of Vision Asset Management or any third-party investor at their express request.

Nothing herein is based upon the consideration of the particular needs, investment objectives and financial situation of any specific client and do not constitute an exhaustive description of the mentioned products. Clients of Vision Asset Management or any third-party investor should not make an investment decision or any other decision solely based on this information. Before concluding a sale, purchase, transaction or any legal act of any kind whatsoever, clients of Vision Asset Management or any third-party investor should seek advice from their consultants in legal, regulatory, tax, financial, economic and accounting matters to the extent it is deemed necessary and make their investment decisions (including decisions relating to the suitability of a transaction) on the basis of their own judgement and the advice from the specialists they have sought out. Past performance is not necessarily indicative of future performance.

Unless specifically stated otherwise, all information, as well as price information is indicative only, based on information obtained from sources believed to be reliable but are not guaranteed as being accurate, exact, complete, appropriate or up to date. The information in this publication is subject to change without notice. No representation or warranty (either express or implied) is provided in relation to the accuracy, exactness, completeness, appropriateness, actuality or reliability of the information.