MONTHLY REVIEW

MACRO

In February, investors shifted their focus away from macroeconomic analyses that had dominated for several months to embrace the euphoria surrounding earnings and the theme of artificial intelligence. A striking example of this trend is Nvidia's stock, widely discussed in the stock markets. Fueled by increasing demand over the past 15 months in the AI sector, the company has more than tripled its revenue, soaring from $6 billion to $22 billion in sales, demonstrating the enthusiasm for this technology. While everyone claimed to be a cryptocurrency expert in 2021, today it's artificial intelligence that captures all attention and sparks widespread interest.

Buoyed by this enthusiasm, global indices are reaching record highs. Even the Japanese market, after 32 years, returns to its peak following strong reactions not seen since its historical highs.

On the macroeconomic front, we've observed an progress, or at least stabilization, in PMI indicators, but industrial production remains in contraction. February's data shows some improvements, but nothing particularly remarkable. The trend remains unchanged: the United States maintains dynamism fueled by consumers and a resilient job market, while in Europe, confidence and production indicators continue to signal challenging times. This context only postpones the anticipated rate cuts that investors eagerly await.

OUTLOOK

What competitor could hold back the rapid ascent of artificial intelligence? It's at the forefront of all discussions. Regardless of the perspective, its rise seems unstoppable and could continue to propel markets to new heights, according to analysts. Optimism reigns in financial markets, relegating all other considerations to the background.

Despite the downward revision of rate cut expectations, from 6 to only 3 for the year 2024, stock markets continued their ascent. This illustrates the current situation, demonstrating ongoing resilience and confidence in economic evolution.

This trend may continue to prevail, but the end of earnings season could mark a break and consolidation in the stock markets. Rate expectations will remain predominant in the bond market, although we have observed some leveling off, and we may likely see a moderation of these levels.

EQUITY MARKETS

February has been a very good month for global stock indices. Geographically, all markets have benefited from prevailing optimism. The technology sector continued to thrive (+7.53% YTD), notably fueled by semiconductor stocks (+21% YTD) and advancements in artificial intelligence. It is followed by the pharmaceutical sector (+6.19% YTD), where Eli Lilly and Novo Nordisk stand out due to their positioning in the obesity field. However, mining companies, utilities, and telecommunications are still struggling to progress and are recording negative performances.

Performance in February: CAC40 4.46% (YTD 5.09%), SMI 2.01% (YTD 2.70%), Stoxx600 2.22% (YTD 3.26%), Nasdaq 6.12% (YTD 7.20%), S&P500 5.17% (YTD 6.84%), Hang Seng 6.07% (YTD -3.14%), Topix 5.59% (YTD 14.50%).

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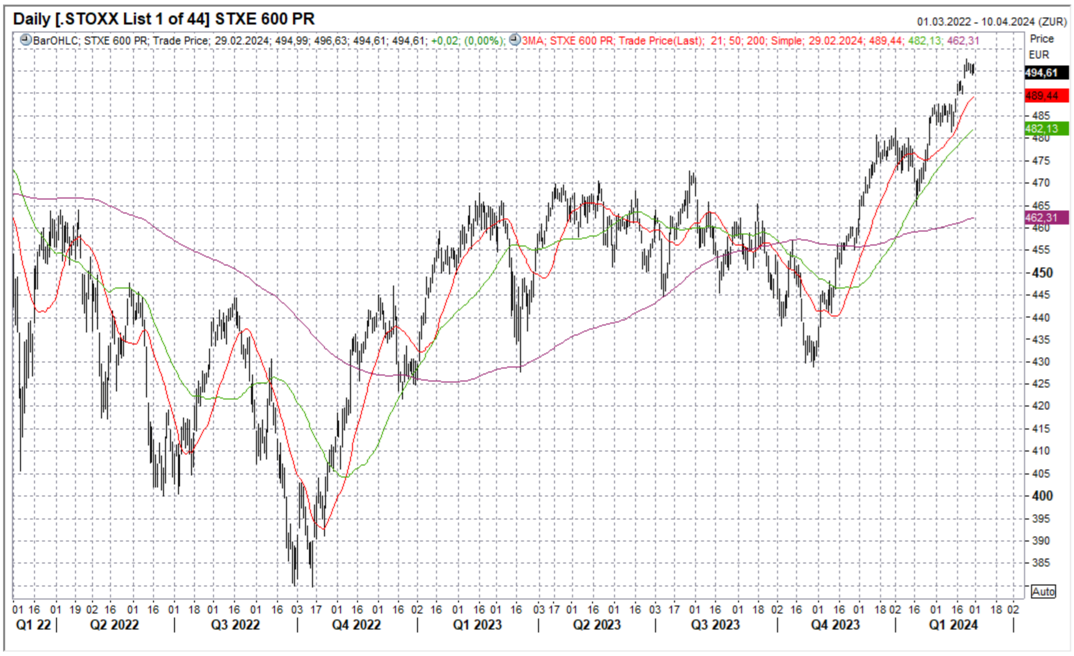
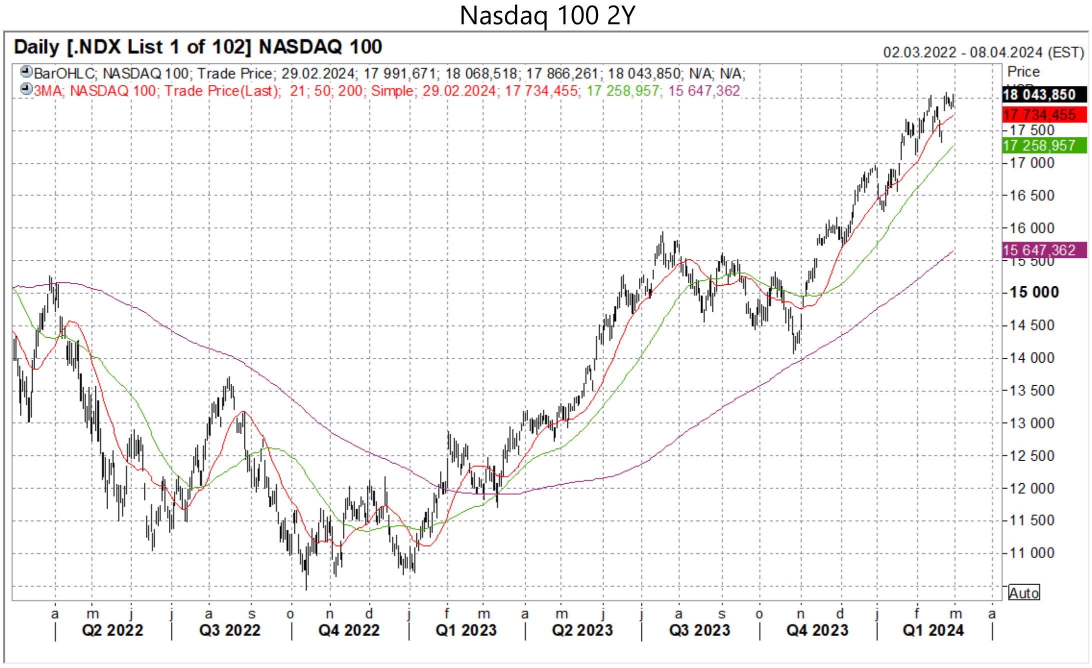


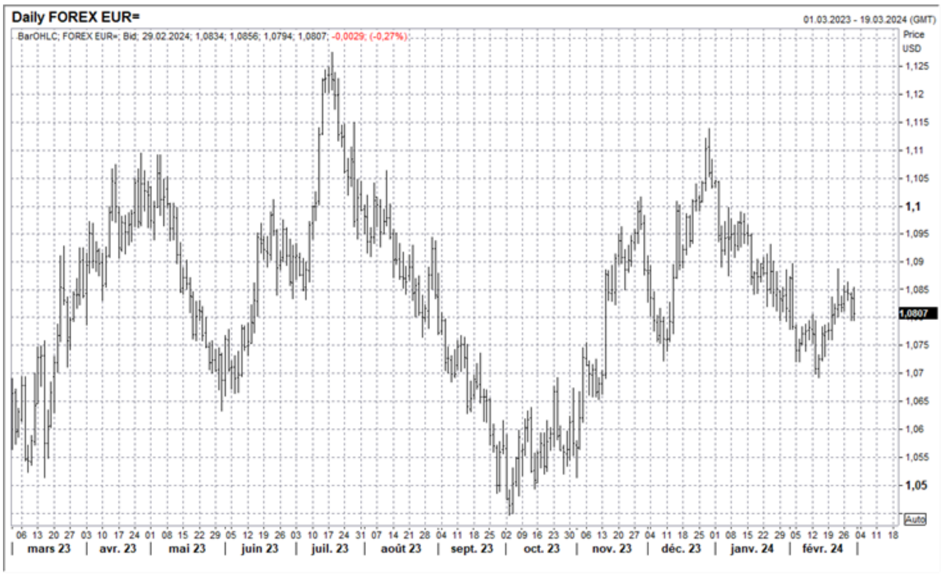
Nasdaq 100 2Y



FOREIGN EXCHANGE MARKET

In February, the EUR/USD pair maintained stability around 1.08, indicating relative calm in the foreign exchange market, while interest rate fluctuations were also moderate. This situation reflects investors' uncertainty about which central bank will begin reducing its rates.

EUR USD 1Y



The euro regained ground, buoyed by persistent inflation decline in Europe and some optimistic macroeconomic indicators in the region. Optimism surrounding European stocks also supported the single currency. From a technical standpoint, the pair broke above the downtrend line at 0.9530, as well as the 200-day moving average at 0.9560. The next key level could be at 0.9670, unless signs of deterioration appear, which could be unfavorable for the euro.

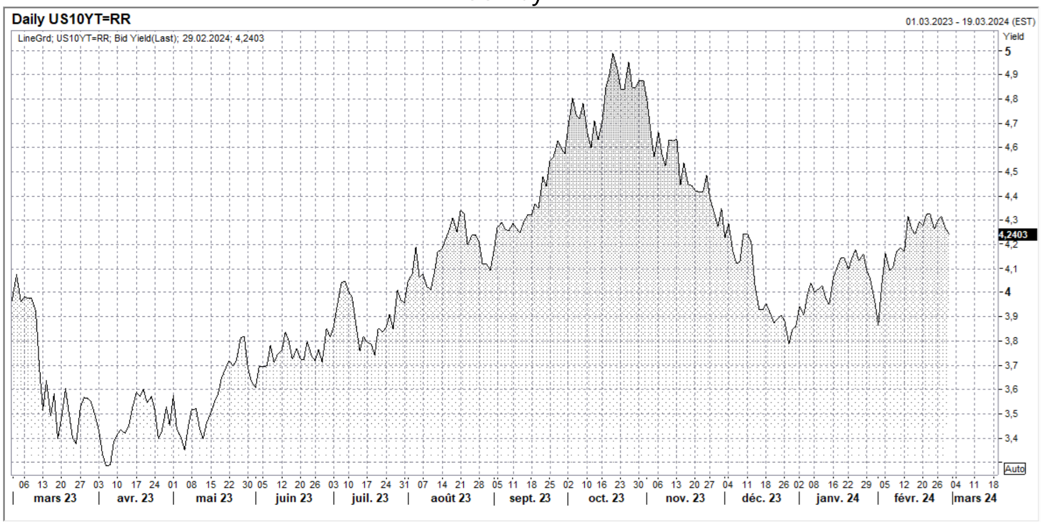
Additionally, it is worth noting that as of the time of writing, the President of the Swiss National Bank (SNB), Thomas Jordan, has announced his departure for the end of September. During his 12 years at the helm of the SNB, Jordan has faced numerous economic crises with resilience.

EUR CHF 1Y

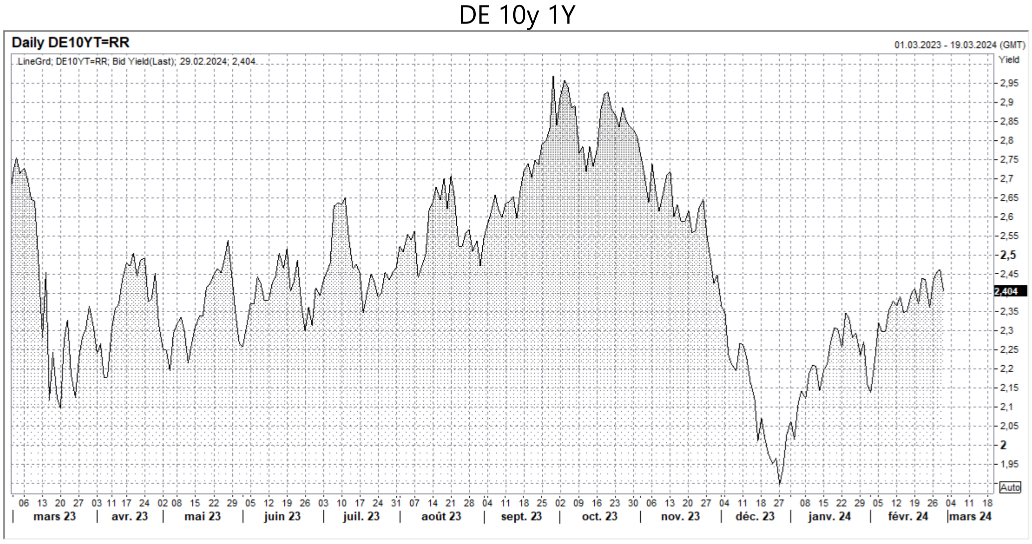
BOND MARKET

Following recent macroeconomic data, it is now clear that expectations of interest rate cuts are being pushed back later in the year. Indeed, the strength of the job market, positive indicators in the service sectors, and consumer resilience, at least in the United States, are not prompting central bankers to rush rate cuts. Although inflation is decreasing, it remains a concern, and bankers fear the consequences of hasty action given the political and economic pressures associated with high rates. They are aware that abrupt action could bring inflation back into focus. Therefore, banks will remain closely dependent on economic indicators, which will maintain some short-term rate volatility, at least for the time being.

US 10y 1Y



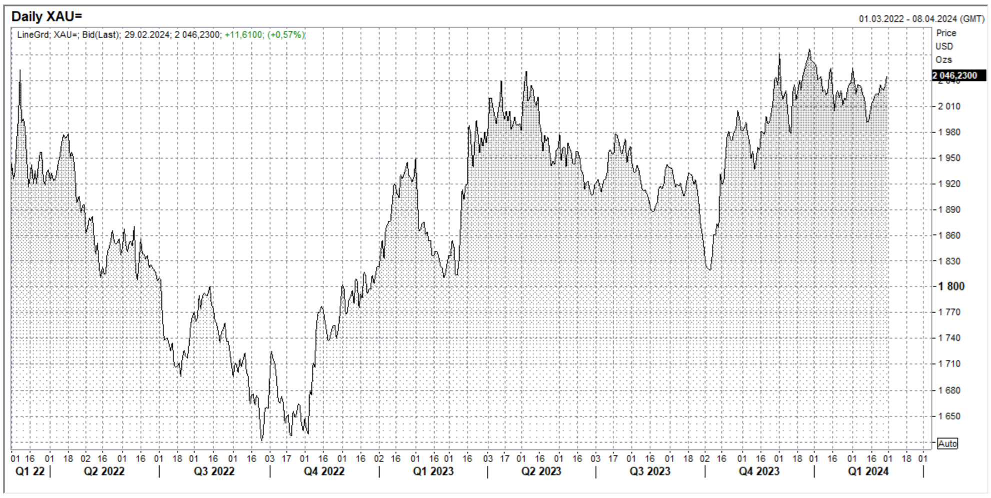
DE 10y 1Y



COMMODITIES

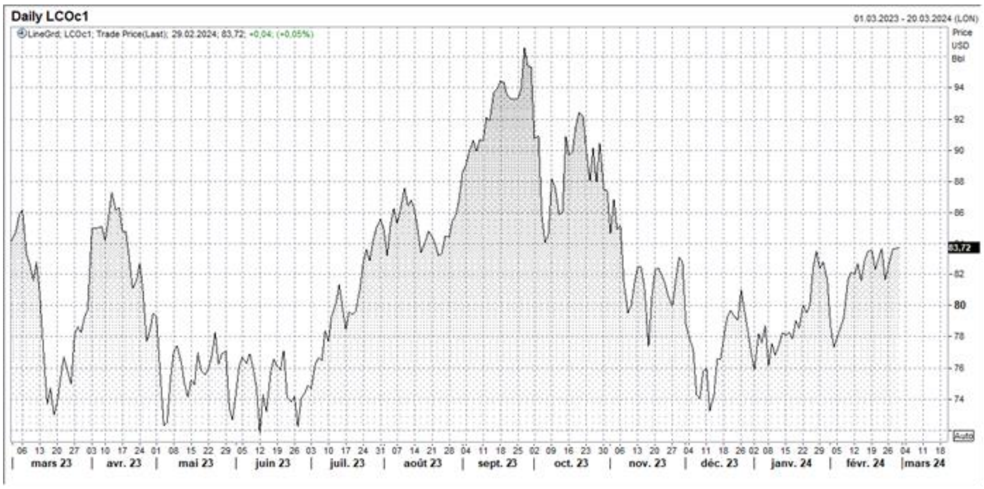
The price of gold has been rebounding since its February low of $1,993. Since late November, there has been consolidation around the $2,040 zone, which could be favorable for the medium-term price. Additionally, similar to stocks, the price of gold has not fluctuated much downwards despite the postponement of rate cut expectations, which is also positive for future trends.

Gold 2Y



As for oil, the overall trend since November 2023 remains unchanged, although marked by significant weekly fluctuations largely dependent on OPEC speeches and decisions.

Brent 1Y



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