MONTHLY REVIEW

MACRO

September began with a climate of volatility in the stock markets. Concerns about a potential recession resurfaced, exacerbated by uncertainty surrounding central bank decisions. Many investors opted to take profits in this context.

Mid-month, the Federal Reserve surprised the markets by announcing a 50-basis point rate cut, while most had anticipated only a 25-basis point reduction. This decision marks a significant turning point, reflecting the Fed's commitment to act quickly to protect the labor market, especially as inflation appears to be on track toward the 2% target.

Meanwhile, China has implemented significant measures to boost its economy. In just two days, both the central bank and the Politburo reaffirmed their commitment to maintaining a 5% growth rate, restoring investor confidence. These announcements created a renewed sense of optimism in the markets, particularly for Chinese stocks, which surged by 20% in a matter of sessions.

OUTLOOK

China's support is a positive factor for stock markets and could play a key role in the global economic recovery. This comes at a time when companies are finding it increasingly difficult to achieve growth after several quarters of strong performance.
Meanwhile, as central banks continue to ease monetary policy, the U.S. economy remains robust. This mix of factors appears to support an upward trend in the markets. However, it is important to closely monitor corporate earnings reports and labor market developments. Finally, the upcoming U.S. elections could also impact markets in the coming weeks, depending on the results and any political uncertainty that follows.

In this context of declining rates, we continue to favor investments in high-quality government bonds and high-yield corporate securities, where yields remain attractive.

EQUITY MARKETS

The utilities, industrial, and technology sectors all saw gains of over 5% in September. Conversely, the healthcare sector experienced a decline of 2%. Energy suffered from falling oil prices. Notably, the luxury sector surged by 15%, driven by China's economic stimulus, while the metals and mining sector rose by 14%, supported by the increase in gold prices and falling interest rates. The Chinese market rebounded by 17% in September!

September performance: CAC40 0.06% (YTD 1.23%), SMI -2.15% (YTD 9.26%), Stoxx600 -0.41% (YTD 9.17%), Nasdaq100 2.48% (YTD 19.22%), S&P500 2.02% (YTD 20.81%), Hang Seng 17.48% (YTD 23.97%), Topix -2.46% (YTD 11.81%).

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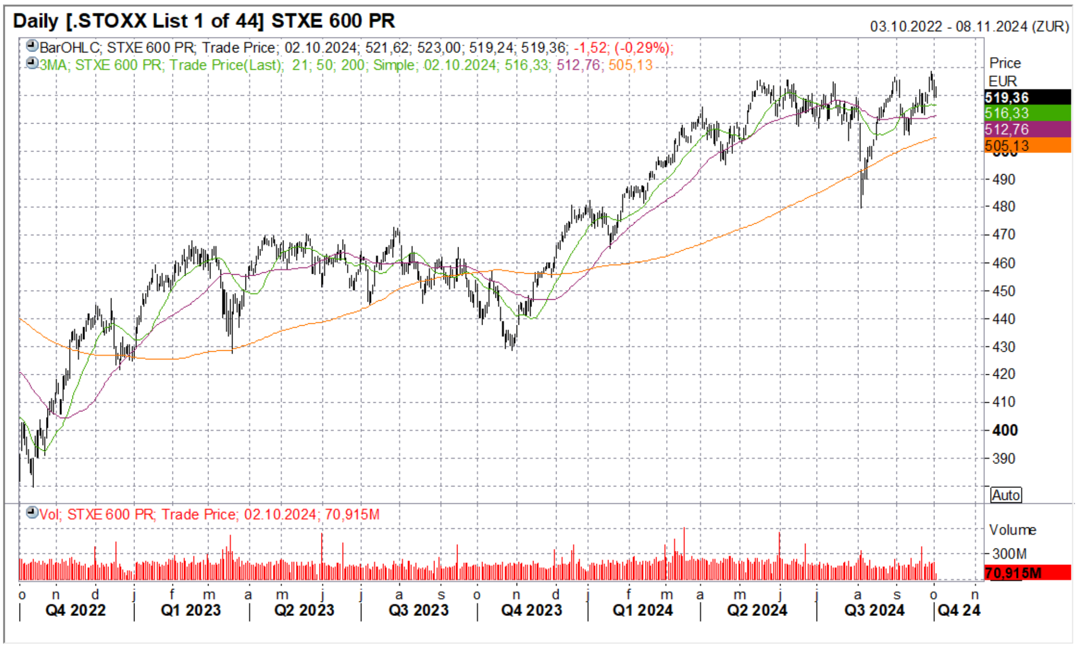
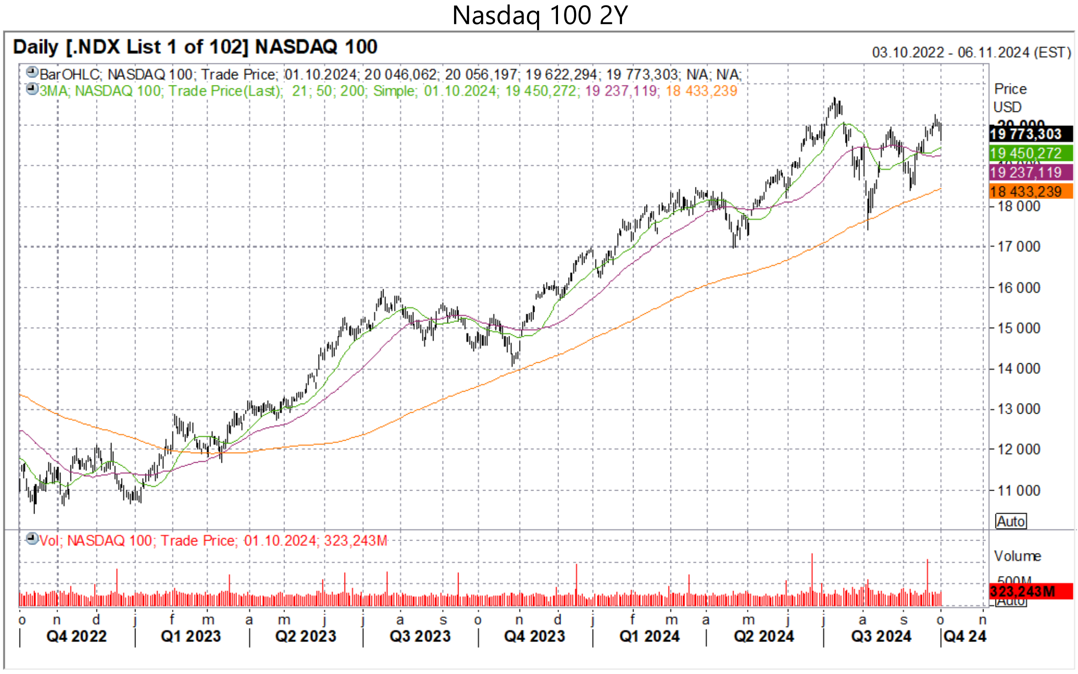


Nasdaq 100 2Y



FOREIGN EXCHANGE MARKET

The EUR/USD pair fluctuated around 1.10-1.11, despite central bank interventions. This stability reflects resilience in the face of market fluctuations and existing monetary policies. Market participants seem to be anticipating future central bank decisions, keeping interest focused on this price range.

EUR USD 1Y

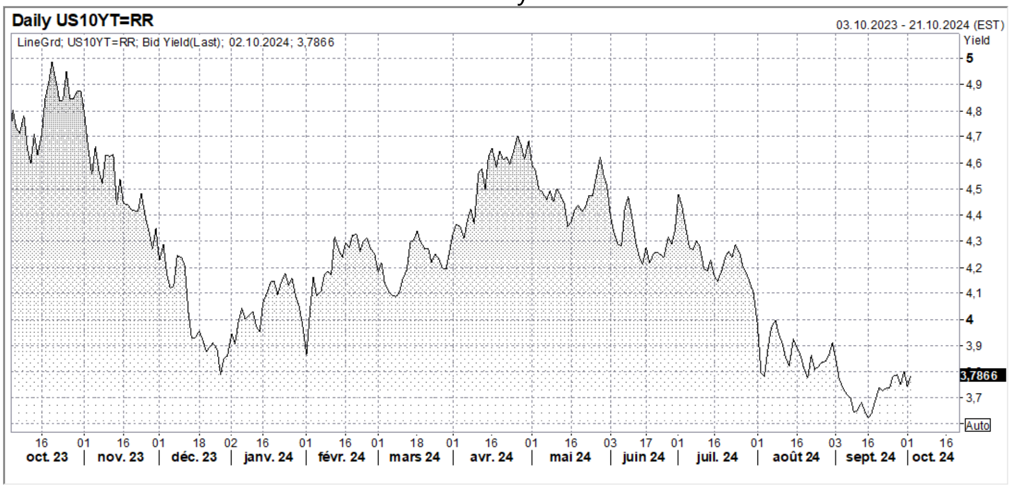
A similar trend was observed for the EUR/CHF pair, which hovered around 0.94.

EUR CHF 1Y

BOND MARKET

The Federal Reserve has lowered its rates for the first time since 2020, marking a significant 50 basis point reduction. It is also considering an additional half-point cut by the end of 2024, during its final meeting before the U.S. presidential election on November 5.

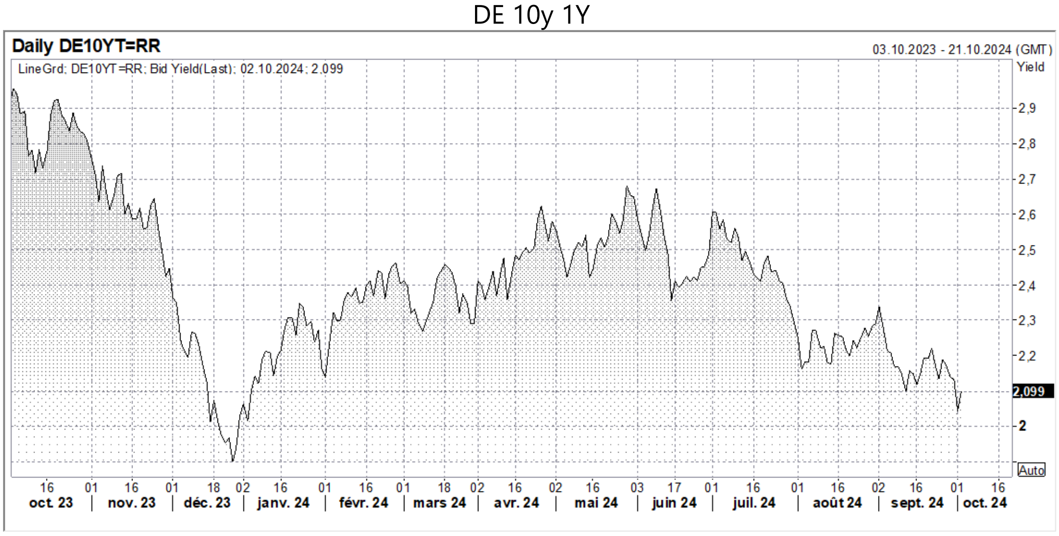
US 10y 1Y



Meanwhile, the European Central Bank (ECB) implemented a second rate cut in three months, bringing the deposit rate to 3.50%. The decline in inflation, which reached 2.2% in August within the Eurozone, along with sluggish economic activity, justified this easing, following the cut in June. However, the timeline for future rate cuts remains unclear, as the Governing Council did not provide guidance on the pace of these adjustments.

Finally, the Swiss National Bank (SNB) has also reduced its key interest rate for the third consecutive time, now at 1%. This decision reflects a notable decrease in inflationary pressure, largely due to the appreciation of the Swiss franc over the past three months, according to the SNB's observations.

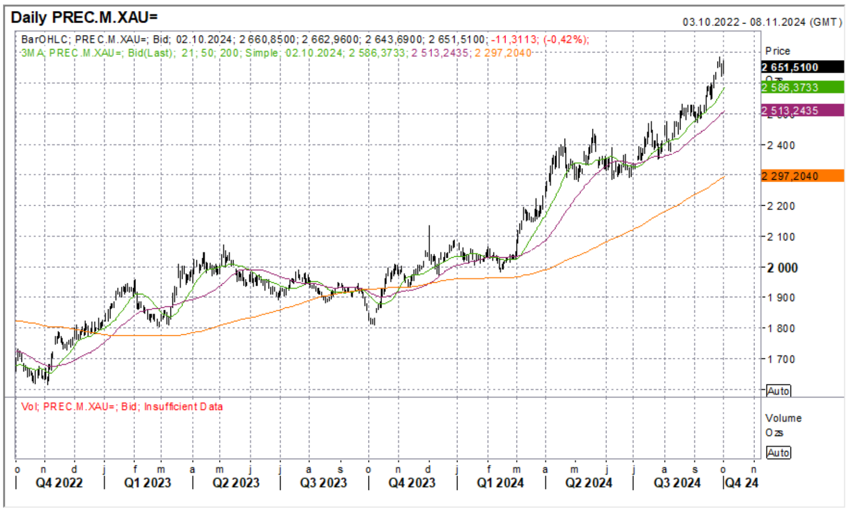
DE 10y 1Y



COMMODITIES

Gold continues its impressive ascent, recently surpassing the $2,600 mark. This precious metal benefits from a favorable context and has maintained a bullish momentum since March 2024. The decrease in interest rates and geopolitical tensions have strengthened demand for gold.

Gold 2Y



In contrast, the decline in interest rates and the stimulus from the Chinese economy were expected to positively influence oil prices. However, the reality has been different, with prices dropping from $80 to $72, even reaching $68 during the month.

It is important to note that this year is marked by elections in the United States, complicating price forecasts. Additionally, Saudi Arabia recently announced that it no longer aims for a $100 per barrel target, which could also impact market dynamics and short-term price trends.

Brent 1Y

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