Market Monthly

September 2024

Highlights

- **Economics** Global equities advanced in September reaching all-time highs. At the same time, China unveiled new stimulus measures boosting their markets. In the US there were several topics; US QoQ GDP came in higher than expected at 3.0% vs 2.9% expected and the unemployment rate improved from 4.3% to 4.2% as expected. PMI numbers were weaker than expected where Manufacturing PMI was revised down from 49.6 to 47.9 for the previous release and the final August number came in at 47.9. Services on the other hand improved to 55.7 with the previous release being revised from 55.0 to 55.7.

  In Europe the picture was a bit different with GDP QoQ at 0.2% vs 0.3% expected; PMI numbers also weaker with manufacturing at 45.8 (same as previous), services at 52.9 (same as revised previously).

- **Inflation:** August CPI in USA came down some even more from 2.9% to 2.5% as expected and the preferable FED measure, core price inflation (PCE) YoY decreased further down to 2.2% from 2.5% previous and 2.3% excepted. Eurozone inflation also decreased, coming in as expected at 2.2% vs 2.6% previous. Values in other economies were as follows: China 0.6%, India 3.65%, Brazil 4.23%, Russia 9.05%

- **Central bank interest rates**: The meeting that markets have all been waiting for occurred in September when the FED lowered their interest rate corridor more than expected, 50bp cut to 4.75%–5.0% with signals that further easing ahead. The ECB also cut its rate by -25bp to bring their deposit facility rate to 3.50%.

- **Capital market rates:** During the course of the month, the yield on the 10Y Treasuries moved only marginally from 3.90% to 3.78% with most of the rate cut already priced in. The 10Y Bund moved slightly more from 2.30% down to 2.12% at the end of September.

Tactical Asset Allocation

- **Forex:** The USD weakened against the EUR (-0.88% with the exchange rate being at 0.8970 EUR to 1 USD at the end of September.

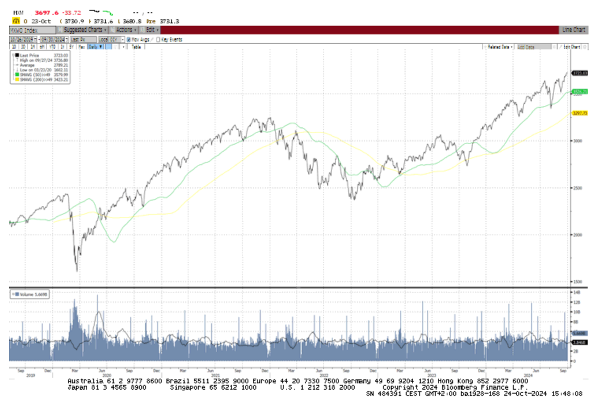
- **Bonds incl. High Yields (N[i]):** So far, our view with peak of yields on US Treasuries in April has materialized. Currently fixed income rebalances should be done to utilize the still high yield environment as the FED has signaled more easing ahead.

- **Equities (N):** September was overall a strong month with the S&P500 returning +2.02%, Dax +2.21% and the SMI being the weakest returned -2.15%.

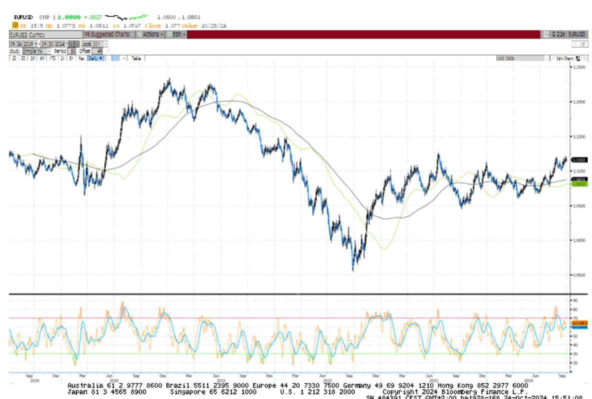
- **Commodities (U):** At the beginning of the month, we saw crude oil at around $73.55/barrel with a weakening down to $68.17/bbl at the end of the month even though the conflict in the Middle East intensified. Gold continues its path gaining +5.24% in September ending at $2'634.58/oz after touching a new all-time high during the month.

Investment Ideas[ii]

- Our exposure remained largely unchanged and focused on taking some profit on various stocks.



Performance Equity Markets MSCI World 5Y[iii]



EURUSD Technical Chart 5y, Bloomberg

[i] How to read: (U) underweight; (N) neutral; (O) overweight
[ii] See rationales on our web page www.aspermontcapital.ch