

Market Monthly

October 2024

Highlights

- Economics** Global equities retracted in October after reaching all time highs in September. In the US, annualized GDP came in lower at 2.8% vs 2.9% expected and 3.0% previous; the unemployment rate continued to improve in small steps to 4.1% from 4.2% previous and expected. Manufacturing PMI continues to be weak, it was revised down from 47.9 to 47.3 for the previous release and the final September number came in at 47.3. Services on the other hand were steady at 55.2 as revised previous figure from 55.7 to 55.2.

In Europe the picture was a bit different with GDP QoQ at 0.4% vs 0.2% expected; PMI numbers also weaker with manufacturing at 45.0 (same as revised previous), services at 51.4 (same as revised previous).

- Inflation:** September CPI in USA came down some even more from 2.5% to 2.4% as expected and the preferable FED measure, core price inflation (PCE) YoY decreased further down to 2.1% from 2.3% previous and 2.2% expected. Eurozone inflation also decreased, coming in lower than expected at 1.7% vs 1.8% and 2.2% previous. Values in other economies were as follows: China 0.4%, India 5.49%, Brazil 4.83%, Russia 8.63%
- Central bank interest rates:** In September there was no FED meeting with the next one scheduled for November 7. The ECB met in the middle of August and decided to cut their main refinancing rate by 25pbps to 3.4% with one more meeting this year on December 12.
- Capital market rates:** During the course of the month, the yield on the 10Y Treasuries moved up from 3.78% to 4.29% after rates were cut in September. Similarly the 10Y Bund moved up slightly less from 2.12% to 2.39% at the end of October.

Tactical Asset Allocation

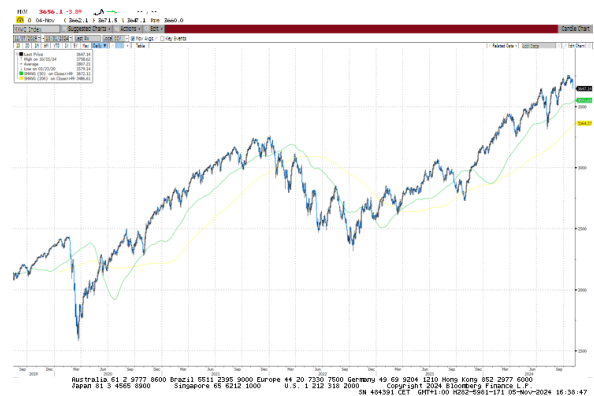
- Forex:** The USD strengthened against the EUR (+2.64% with the exchange rate being at 0.92 EUR to 1 USD at the end of October).
- Bonds incl. High Yields (Nⁱ):** So far, our view with peak of yields on US Treasuries in April has materialized. Currently fixed income rebalances should be done to utilize the still

high yield environment as worries of the outcome of the US elections have pushed recent yields higher.

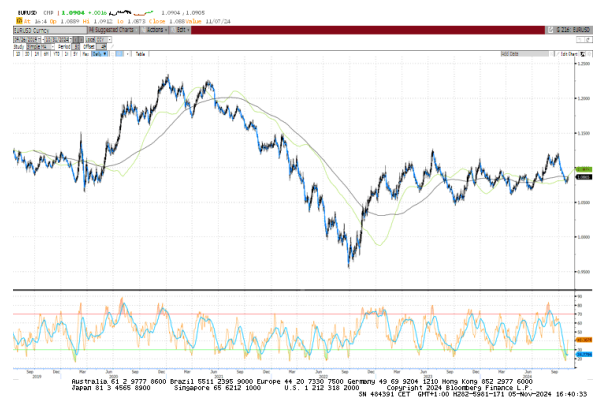
- Equities (N):** October was overall a weaker month with the S&P500 returning -0.99%, Dax -1.28% and the SMI being the weakest returned -3.09%.
- Commodities (U):** Crude oil had a mixed month with \$68.17/barrel at the start of the month, a high of \$75.85/barrel and ending at \$69.26/barrel with the conflict in the Middle East continuing. Gold continues its path gaining +3.81% in September ending at \$2'736.64/oz after touching a new all-time high of \$2'788.66/oz during the month.

Investment Ideasⁱⁱ

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



Performance Equity Markets MSCI World 5Yⁱⁱⁱ



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

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