

Private Banking

Market Update

Q2 2024



Global Equity Index		Q2 2024
S&P500 (US)		+3.92%
Nasdaq (US)		+8.21%
EuroStoxx50 (EU)		-3.73%
FTSE 100 (UK)		+2.66%
MSCI Emerging Markets		+4.13%
Commodities		Q2 2024
Crude Oil WTI		-1.73%
Gold		+4.84%
World Government Bonds		YTM
USD 2-Year Bond Yield		+4.75%
Germany 2-Year Bond Yield		+2.83%
UK 2-Year Bond Yield		+4.22%
Currencies		Price
EUR/USD		1.07
EUR/GBP		0.85

The above calculations have been done based on data sourced from Reuters. Prospective customers should not base their decision on investing solely on the indicated rate of return.

Important information

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In the second quarter, emerging market equities outperformed developed markets, driven by strength in some Asian markets. The MSCI Emerging Markets index rose by 4.13%, compared to a 3.92% increase in the S&P 500. The European Central Bank cut interest rates, but persistent inflation kept other major central banks from making similar moves, leading to expectations that interest rates will stay higher for longer.

In the US, shares rose, particularly in the information technology and communication services sectors, thanks to ongoing enthusiasm around AI and strong earnings reports. The NASDAQ, a tech-heavy index, gained 8.21%. Early in the quarter, there were concerns about the US economy overheating, but optimism grew for a soft landing as the quarter progressed. The Federal Reserve's latest forecasts indicate just one rate cut this year, and US inflation slowed to 3.3% in May 2024. The US economy expanded at an annualized rate of 1.4% in Q1 2024.

Shares in the Eurozone declined, with the EUROSTOXX 50 down 3.73%. The resulting uncertainty from the European parliamentary elections and diminishing hopes for significant rate cuts within the year weighed negatively on equities. The European Central Bank cut rates by 25 basis points in June, but further cuts may be limited due to persistent inflation, which decreased slightly to 2.5% in June from 2.6% in May. Political developments, especially in France, where right-wing nationalist parties gained ground, also affected markets. The Gross Domestic Product (GDP) in the Euro Area expanded by 0.30 per cent in the first quarter of 2024.

UK equities rose, with the FTSE 100 hitting new all-time highs, increasing by 2.66% in Q2. The UK economy rebounded strongly in Q1 2024 with a GDP growth of 0.7%. UK inflation slowed to 2% in May 2024, the lowest since July 2021. Despite this, the Bank of England maintained the base interest rate at 5.25% due to concerns that the inflation drop might be temporary and that high wage inflation would drive service sector inflation. The centre-left Labour Party won the parliamentary election and secured a majority as expected, expelling Prime Minister Sunak's Conservative party after 14 years in power.

Emerging market (EM) equities were supported by softer US economic data and a rebound in China. The emerging European markets of Hungary, Czech Republic and Poland did well. At the same time, China's recovery in April and May, following a few months of under-performance, meant it outperformed broader EM too.

Global bond markets started the quarter poorly due to renewed US inflation concerns, causing investors to reassess the timing of interest rate cuts. Political risks led to weaknesses in some emerging markets, and the announcement of snap elections in France caused localized market drops, while the prospect of UK elections had a lesser impact.

Commodities saw modest gains. Industrial metals like zinc saw sharp price increases, silver prices rose significantly among precious metals, and gold prices went up by 4.84%. Crude Oil WTI fell by 1.73% during the quarter.

