

Private Banking

Market Update

Year 2023



Global Equity Index		Var. % 2023
S&P500 (US)		+24.23%
Nasdaq (US)		+43.42%
EuroStoxx50 (EU)		+19.19%
FTSE 100 (UK)		+3.78%
MSCI Emerging Markets		+7.04%
MSCI ACWI Net Return EUR		+18.06%
Commodities		Var. % 2023
Crude Oil WTI		-10.96%
Gold		+13.45%
World Government Bonds		Var. in YTM % 2023
USD 2-Year Bond Yield		-0.18%
US 10-Year Bond Yield		-0.01%
Germany 2-Year Bond Yield		-0.29%
UK 2-Year Bond Yield		+0.41%

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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After a turbulent 2022, the global markets bounced back remarkably in 2023. Lower inflation, better economic data and central banks taking a more cautious approach stimulated a surge in global stock markets. The MSCI ACWI Net Return EUR, tracking developed and emerging market stocks, gained over 18% during the year.

In the US, stocks had a significant recovery in 2023. The S&P500 registered an increase of over 24% and the NASDAQ appreciated by over 43%. This rally was driven by strong corporate earnings, benefiting from a robust, post-pandemic, economic recovery and AI enthusiasm. Market practitioners' concerns about a recession eased as the Federal Reserve signaled the end of its interest rate hiking cycle. The US economy expanded by 4.9% in Q3 2023 and the annual inflation rate increased to 3.4% in December 2023, from a five-month low of 3.1% in November. In the last December meeting, the Federal Reserve kept the rate steady at 5.25%-5.5% for a third consecutive meeting.

European stock markets also recorded a significant upswing in 2023. The EuroStoxx50 index gained over 19%, supported by a stronger euro, better economic data, and a favorable backdrop for European companies. The Eurozone economy contracted by 0.1% in Q3 2023, and the inflation rate rose to 2.9% in December 2023. The ECB maintained interest rates at multi-year highs for the second consecutive meeting. The main refinancing operations rate remained at a 22-year high of 4.5%, while the deposit facility rate held steady at 4%.

The UK stock market had a modest positive performance in 2023, with the FTSE100 rising by over 3%. This was driven by resource stocks benefiting from rising commodity prices. The last data available showed that the British economy shrank by 0.1%, quarter on quarter, in Q3 2023. The annual inflation rate in the UK rose to 4% in December 2023 from a nearly two-year low of 3.9% in November. The Bank of England upheld its benchmark interest rate at a 15-year high of 5.25% for the third consecutive time during its December meeting.

Emerging market stocks performed well in 2023, with the MSCI Emerging Markets index gaining over 7%. While some markets saw strong gains, others struggled due to geopolitical tensions and economic challenges. China continued to be a drag on the overall performance of Emerging Markets.

The gold price rose sharply in 2023, with a significantly positive performance which was north of 13%. Oil prices declined by more than 10% when compared to the start of 2023, facilitating the inflation slowdown.

Global bond markets, after a sell-off in 2022, rebounded significantly in 2023. Bond prices rose as inflation concerns eased and expectations for interest rate hikes softened. The yield on the 10-year US Treasury bond, a global benchmark, was around 3.8% at the end of the year. The final quarter marked the best performance in over two decades for fixed-income markets, driven by a perceived shift in monetary policy direction towards prospective rate cuts.

Looking ahead to 2024, the global market outlook remains uncertain. Despite the remarkable 2023 rebound, there are still risks lingering in the background such as; a potential surge in inflation, a more aggressive stance from central banks, and geopolitical tensions. Investors should be prepared for continued volatility in the year 2024.

