

Dear readers,

July was a good month for the vast majority of financial markets. The main technology stocks kept up the impressive run seen since the start of the year. Stocks in the more traditional sectors recovered some ground but still lagged far behind. The BEL 20 (Belgian benchmark stock index) is a good illustration of this, having gained only 2% since the beginning of the year despite the excellent rally in July.

As announced, central banks on both sides of the Atlantic introduced a moderate hike in their key rates (0.25%). The benchmark interest rates now stand at 5.50% in the United States and 3.75% in Europe. Inflation levels fell but not enough to justify a radical change in monetary policy.

Just a few months ago, the market had been expecting an inevitable, albeit short-lived, US recession and a clear slowdown in the European economy. Today, the word “recession” is distinctly absent, with the US Federal Reserve referring instead to the risk of a slowdown in the coming weeks. On the whole, the US economy and US corporate earnings releases have reassured and surprised the most pessimistic of commentators. In Europe, the economy is a little better than expected but growth is nowhere near that of the United States. Both central banks are relatively cautious on the months ahead. Neither rule out a (temporary) deterioration in the economy. The health of the Chinese economy is of some concern to Western countries, especially given that it represents a very important market for European exports. The sharp increase in the cost of financing for Western companies is an additional source of pressure over the coming weeks.

In conclusion, after a good first-half that proved more than satisfactory in most markets, a period of calm, if not a temporary correction, cannot be ruled out. Quality companies, particularly those active in more defensive sectors such as healthcare or food, may continue catching up. Real estate stocks have for the most part had a complicated few months. The prospect that we may be close to a peak in interest rate hikes could bring some interesting opportunities in this sector.



Main markets in 2023

	July 2023	from 01/01 to 31/07/2023
Euro Stoxx 50	+1.64%	+17.86%
Stoxx Europe 600	+2.04%	+10.93%
S&P 500	+3.11%	+19.52%
BEL 20	+6.59%	+2.04%
MSCI WORLD	+3.29%	+17.74%
Nikkei 225	-0.05%	+27.12%
Hang Seng, Hong Kong	+6.15%	+1.50%

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