Dear readers,

I hope you have enjoyed the holiday season.
As I predicted last month, stocks gave up a few points in August.

While the labour market remains generally strong in the US, inflation is not falling as rapidly and intensely as the Federal Reserve had hoped.
Anyone who had bet on the end of key rate hikes, or even on incipient cuts, was confounded by a slightly ambiguous speech from Jerome Powell, Chairman of the US Fed.
The current situation could offer the possibility of suspending interest rate rises for the time being, Powell said, before specifying that if necessary, he would raise rates anyway to keep the level of inflation under control.
In short, all the options are on the table.
Successive rate hikes and climbing fuel prices in the US pose a threat to the country's real estate and domestic consumption, although until now this has not engendered any particular panic in the markets.

In Europe, the French economy is doing pretty well and German growth has stabilised after a little over two months of contraction.
Inflation levelled off after a few months of decrease, prompting Christine Lagarde, President of the European Central Bank, to remain vigilant: in no event does she rule out the possibility of further interest rate rises in the near future.

For once, of all the major economies it is China's that seems to be in the worst position.
The tribulations of Evergrande and Country Garden Holdings, a couple of local real estate majors that bit off more than they could chew, and poor economic growth both locally and in terms of exports, are not cut out to reassure the markets.
Familiar images of ghost towns bursting to the seams with brand new buildings in desperate need of buyers will no doubt spring to mind...
The informal deal offered to and accepted by the Chinese people for years (social well-being in exchange for restricted freedom) is being challenged. Xi Jinping seems to be focusing on upholding a certain ideology and ethics, even if it means spooking China's stock market champions.
Will the latest stimulus plan from the Chinese authorities be enough to sustainably reboot the machine?

In this context, for the time being we prefer to maintain a relatively cautious stance while being careful not to err on the side of pessimism.

Performance of main markets in 2023

	August 2023	1 January - 31 August 2023
Euro Stoxx 50	-3.90%	+13.27%
Stoxx Europe 600	-2.79%	+7.84%
S&P 500	-1.77%	+17.40%
BEL 20	-2.93%	-0.95%
MSCI WORLD	-2.55%	+14.73%
Nikkei 225	-1.67%	+25.00%
Hang Seng (Hong Kong)	-8.98%	-7.07%

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