Dear customers/readers,

At the beginning of the year, expectations were high that central banks would cut interest rates in 2024. However, February saw investors begin to revise down their interest rate expectations after various interventions by central bank governors in Europe and the US to temper market optimism.

Despite disappointment at this deferral – rate cuts were initially expected to start in the first quarter of 2024 – and a still tense geopolitical environment, stock markets maintained the momentum seen in the last quarter of 2023. This was helped in particular by the publication of generally good and reassuring corporate earnings on both sides of the Atlantic.

The most impressive share price gains were among companies that are best positioned to benefit from the development of artificial intelligence.

The past quarter, therefore, saw the two main central banks flout investor hopes by deciding not to cut rates. In Europe, the European Central Bank (ECB) deposit facility rate remained unchanged at 4%, its highest level since the creation of the euro. Although inflation fell further (2.6% in February), it is still too high in relation to the ECB's target rate of 2%, partly due to strong wage growth. Nonetheless, ECB President Christine Lagarde suggested in March that inflation does not necessarily have to fall back to 2% for rates to be lowered.

In the US, Federal Reserve (Fed) Chairman Jerome Powell said in March that the Fed still plans to cut rates by three-quarters of a percentage point this year despite more modest expectations of a fall in inflation. The overnight bank funding rate therefore remained unchanged at 5.5% (a 23-year high).

Many analysts expect rate cuts to start in June, but nothing is certain. The European economy shows a marked slowdown, which is expected to slow inflation. The US economy, for its part, remains robust. Inflation levels will undoubtedly continue to be closely monitored by the decision-makers of the main central banks. Logically, the ECB should be the first to act given the weak state of the European economy.

In commodities, gold reached an all-time high during the first quarter of 2024 (+8,1% since 1 January). There are several reasons for this renewed interest in gold: anticipation of a fall in bond yields (a fall in yields would benefit gold, which does not earn interest), fears of a market correction after the strong rally in recent months, geopolitical tensions (safe-haven effect) and central bank purchases of bullion in record quantities. Oil rebounded sharply during the last quarter (+16,1%). On the currency side, the dollar rose by 2,3%.

Performance of the main markets in 2024

	March 2024	from 01/01 to 31/03/2024
Euro Stoxx 50	+4,22%	+12,43%
Stoxx Europe 600	+3,65%	+7,03%
S&P 500	+3,10%	+10,16%
S&P 500 Equal Weight	+4,04%	+7,33%
BEL 20	+5,03%	+3,72%
MSCI WORLD	+3,01%	+8,47%
Nikkei 225	+3,07%	+20,63%
Hang Seng (Hong Kong)	+0,18%	-2,97%

Charles Bok
Chief Executive Officer

Fabien Plancq
Senior Wealth Manager