

Dear customers/readers,

Time rolls on but no one month is the same as the next!

Jerome Powell, chairman of the US Federal Reserve (the “Fed”), does not have an easy job.

The US economy is proving much more resilient and robust than imagined at the end of last year.

Employment figures remain surprisingly good, annual growth is still strong even if slowing slightly and retail sales are better than expected.

Inflation had been falling uninterruptedly for months, prompting a belief that the Fed intended to start cutting interest rates. By the end of 2023, there was even talk of seven consecutive key rate cuts in 2024.

The latest inflation data seem to point to a stabilisation a little below 3% – but way off the 2% targeted by the monetary authorities. The rise in energy costs partly explains this.

So Jerome Powell is preferring to take his time before giving the green light to monetary easing, which is not only eagerly awaited but also widely factored in.

The market now expects a first US rate cut in the autumn.

The picture is different in Europe: the economy is much less dynamic, with growth only just positive on an annual basis – which paradoxically is good news from an interest rate perspective.

It is likely that the European Central Bank (ECB) will be able to start cutting rates ahead of the United States – as early as this summer.

As you can see from the table below, US equity markets fell more than Europe’s in April.

Over the year so far, however, performance remains entirely satisfactory;

indeed, the market is holding up remarkably well.

The lacklustre economy in Europe and the postponement of rate cuts in the US have had little impact on investor sentiment.

Meanwhile, the rebound of more than 7% on the Hong Kong stock exchange should be noted.

While the relative weakness of the Chinese economy had dampened the enthusiasm of some, the worst is perhaps behind us in China.

We should never rule out a soft patch, but for the moment we remain fairly confident at the six-to-nine month horizon.



Performance of the main markets in 2024

	April 2024	from 1 January to 30 April 2024
Euro Stoxx 50	-3.19%	+8.84%
Stoxx Europe 600	-1.52%	+5.41%
S&P 500	-4.16%	+5.57%
S&P 500 Equal Weight	-4.82%	+2.15%
BEL 20	+0.98%	+4.73%
MSCI WORLD	-3.85%	+4.30%
Nikkei 225	-4.86%	+14.77%
Hang Seng (Hong Kong)	+7.39%	+4.20%

Charles Bok
Chief Executive Officer