Dear customers/readers,

The second quarter of the year was once again marked by the monetary policy of the major central banks. As the weeks went by, investors lowered their expectations of intervention by these institutions, slowing the markets' ascent.

As expected, the European Central Bank (ECB) was the first major central bank to cut its rates. In response to the slowdown in inflation of recent months, on 6 June it reduced its key rate by 0.25%. This was the first rate cut in the eurozone for nearly five years, the previous one dating back to September 2019. It saw the deposit facility rate fall from 4% to 3.75%. The ECB nevertheless remains cautious concerning the future, having slightly raised its inflation predictions to reflect recent wage rises.

On the other side of the Atlantic, in mid-June the US Federal Reserve (Fed) left its key interbank interest rate unchanged at 5.5%, as was widely expected. The Fed's members also adjusted their forecasts: they now expect only one rate cut this year, of 0.25%, compared with the three initially billed in March. These new forecasts from the Fed show that it is now expecting inflation to be higher this year than previously thought. Growth should remain robust thanks to consumption and investment in artificial intelligence. So investors are going to have to be patient to enjoy more accommodating financial conditions.

On the European political front, Emmanuel Macron's surprise dissolution of the French parliament following the comfortable victory of the Rassemblement national (RN) party in the European elections on 9 June sent a shock wave through the country. Deemed a risky bet, this decision led to early legislative elections on 30 June and 7 July that could potentially put in power a prime minister from Marine Le Pen's party. This triggered a sell-off in French financial markets, reflecting the fact that if RN won and implemented its programme, banks, construction companies and materials suppliers as well as utilities would be the most affected. French and European defence stocks could also be punished. The turmoil in France also made other European markets more jittery, and investors in Europe are therefore keenly awaiting the final results of the early-July elections, but worried at the same time. The first round seems to signal a clear victory for RN but one without an absolute parliamentary majority, which has temporarily reassured European markets.

As regards commodities, gold continued to climb in the second quarter of 2024, and has put on 12.8% since 1 January. Oil, meanwhile, fell slightly over the past quarter but remains up over the year (+13.8%). On the currency front, the dollar remains strong, having gained 3.1% over the first six months of the year.

Performance of the main markets in 2024

	June 2024	1 January to 30 June 2024
Euro Stoxx 50	-1,80%	+8,24%
Stoxx Europe 600	-1,30%	+6,77%
S&P 500	+3,47%	+14,48%
S&P 500 Equal Weight	-0,90%	+4,11%
BEL 20	-0,79%	+4,84%
MSCI WORLD	+1,93%	+10,81%
Nikkei 225	+2,85%	+18,28%
Hang Seng (Hong Kong)	-2,00%	+3,94%

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