Dear customers/readers,

The third quarter was marked by some major political events. In the US, Joe Biden's withdrawal from the presidential race to make way for Kamala Harris was generally welcomed by the financial markets. In contrast, Emmanuel Macron's decision to dissolve the French parliament, triggering a snap election, weighed on the Paris stock market (CAC 40), which has been lagging well behind its European neighbours ever since. This lag also stems from the fact that the CAC 40 is a "luxury-heavy" index, at a time when the luxury goods sector is struggling due to the economic slowdown in China. In the UK, the centre-left Labour Party's landslide victory reshaped the political landscape, but this had no major impact on the flagship index (FTSE 100).

As for the conflicts in Ukraine and the Middle East, while tragic, they continue to have little impact on investor sentiment.

On the economic front, fears of a recession in the US sparked a temporary but spectacular sell-off in equity markets in early August, followed by a rapid recovery in the following weeks. Global markets continued to falter in early September on concerns over growth in the US economy and a potential bubble relating to companies linked to artificial intelligence. However, the markets rallied quite quickly again in the following weeks.

In mid-September, in an effort to boost the European economy, the European Central Bank (ECB) cut its key interest rate by 0.25%, bringing the deposit facility rate down from 3.75% to 3.50%. This cut had been widely anticipated by economists and investors and was the second one to be made this year. The ECB's President, Christine Lagarde, confirmed that the Euro area economy was slowing, but remained vague about how the institution would respond going forward. Growth forecasts for 2025 and 2026 were also trimmed.

A few days later, in a first since 2020, the US Federal Reserve (Fed) lowered its key interest rate by 0.50%, bringing the federal funds rate into a range of 4.75% to 5%. This steep cut took some economists by surprise, as they had only been anticipating a quarter-point reduction, and was the first step in the delicate handling of a soft landing for the US economy. According to Fed Chairman Jerome Powell, there does not appear to be any strong risk of recession for the time being, reinforcing the prospect of a soft landing. The Fed also said that a further 50bp (0.5%) cut was on the cards before the end of the year. The fed funds rate is expected to fall by another 1% in 2025. This marks a definite shift towards significantly lower rates on both sides of the Atlantic.

In China, leaders decided to take the bull by the horns at the end of September in a bid to stimulate economic growth. This saw the Chinese central bank announce a string of rate cuts in the last week of the month. Chinese banks will have fewer constraints on lending to customers, which should strengthen the economic recovery. This sparked a strong rally on Chinese markets, as well as in European luxury stocks.

In commodities, the uptrend in gold prices accelerated in the third quarter of 2024, bringing the year-to-date performance to +27.7%. The price of oil fell again in the last quarter and delivered a negative performance (-4.8%). In currencies, the dollar has fallen over the last three months, making for a year-to-date fall of 0.87%.

The last quarter of the year has just begun and will undoubtedly be marked by the US elections. At the beginning of November, all eyes will be on a Trump-Harris duel that promises to be very close.

For the time being, the current environment appears to be supporting the markets amid the return to an accommodative central bank policy and still-healthy investor confidence.

We remain fairly confident going into the fourth quarter.

Performance of the main markets in 2024

	September 2024	from 01/01 to 30/09/2024
Euro Stoxx 50	+2,17%	+10,59%
Stoxx Europe 600	+2,24%	+9,17%
BEL 20	+10,61%	+15,96%
S&P 500	+5,53%	+20,81%
S&P 500 Equal Weight	+9,06%	+13,54%
Nasdaq 100	+1,92%	+19,22%
Nikkei 225	-4,20%	+13,31%
Hang Seng (Hong Kong)	+19,27%	+23,97%
MSCI Emerging	+7,79%	+14,37%
MSCI World	+6,02%	+17,48%

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