



PREV	OPEN	HIGH	LOW	CLOSE	BID	OFFER	CHANGE	VOLUME
4.42	4.42	4.42	4.4	4.42	4.4	4.42		
22.3	22.5	23.2	22.1	22.9	22.9	23		
12.2	12.3	12.3	12.2	12.2	12.2	12.3		
26.5	26.5	27	26.5	27	26.5	27		
26.5	26.5	26.5	26.25	26.25	26.25	26.5		
6.95	6.95	7	6.9	6.95	6.95	7		
32	32	32	31.75	31.75	31.75	32		
43.5	43.5	43.5	42	42.5	42.5	43		
10.8	10.7	10.9	10.6	10.9	10.8	10.9		
124.5	123.5	123.5	119	122	119.5	122.5		
16								
9.8	9.85	10.4	9.85	10.2	10.1	10.2		
161				160	160	164		
75	57.75	58	57.75	58	57.75	58		
01	1.02	1.02	1.01	1.01	1.01	1.02		
	1.66	1.7	1.61	1.61	1.61	1.62		
	10.1	10.5	10.1	10.2	10.2	10.3		
33.25	35.75	33.25	35.5	35.5	35.5	36		
2.22	2.26	2.22	2.26	2.26	2.26	2.27		
1.13								

Market Commentary
July 2024

MARKET COMMENTARY

July 2024

SNAPSHOT

- Positive month for equities, but with narrow market leadership.
- Better US inflation data saw bond yields go lower.
- UK election campaign seeming to have minimal impact on the markets.

All percentages below are monthly returns for June 2024

EQUITIES



BOND MARKETS

BONDS

Gilts rallied, but volatility remains high

	UK GILTS	1.3%
	US TREASURIES	1.0%
	GLOBAL CORPORATE BONDS	1.1%
	GLOBAL HIGH YIELD BONDS	1.2%



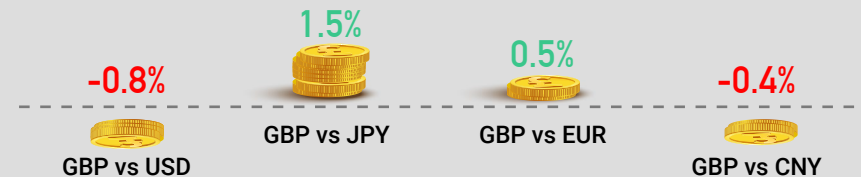
*Values represent bond index returns

CURRENCIES

CURRENCIES

Sterling weakens versus the dollar

Pound vs Other Currencies



KEY INDICATORS



GOLD – XAU/USD

0.2%



OIL – BRENT CRUDE

5.9%



COMMODITIES

2.2%



INFLATION – UK CPI (YOY)

2.0%



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GLOBAL MARKETS

Investor sentiment was risk-friendly in June, as both equities and bonds gained. Equity leadership remains very narrow, with tech leading and 'value' equities struggling.



US MARKETS

Continue to surge ahead

After a very strong May, the markets surged another 3.5%, with the tech heavy Nasdaq even stronger, gaining 6.0%. Nvidia briefly became the world's largest company before falling back, posting an impressive 12.7% gain. US small caps lagged significantly, with the Russell 2000 declining by -1.1%. Economic data was generally weaker than 'elevated' expectations, though employment data continued to be robust. US CPI data was better than expected, re-igniting hopes for rate cuts. GDP expectations for the quarter moderated noticeably, but at levels significantly above what Europe has been experiencing.

3.5%

US 500



UK MARKETS

Lagged global equity markets

The UK relatively lagged global equities, with the FTSE100 retreating from May's all-time high. The index was weighed down by a weakness in banks and mining. The more economically sensitive FTSE250 fell even further, dropping -2.1 %. With global equity market leadership driven by tech, the UK has minimal exposure to this sector. The election campaign has had minimal effect on market performance, mainly as the expected results have been priced in. A modest upgrade in 1Q24 GDP and encouraging inflation numbers have raised expectations for an August rate cut.

-1.4%

UK All Share



EUROPEAN MARKETS

Election announcement in France riled the markets

European returns were dominated by politics, with the surprise election announcement in France unsettling the markets. Although the Stoxx 600 fell -1.4%, it was French equities that bore the brunt of the angst, with the CAC40 down -6.4% (a six-month low). Even the expected cut in European interest rates was insufficient to stem the losses. The more domestically focused small caps were in the eye of the storm, with small caps in France falling -16.1%, in what was clearly a sentiment-driven sell off. The euro declined versus major pairs except versus a weak Japanese yen

-1.4%

Euro 600 Index ex UK



JAPAN MARKETS

Markets rallied at month end

Having hit an all-time high back in March, Japanese equities have been more subdued of late, but staged a late month-end rally, nevertheless. As with other developed equity markets, traditionally defined 'growth' equities (from an investment style perspective) outperformed 'value'. While markets were able to overlook some weak economic data, with 1Q24 GDP being revised down to -0.7%, actual economic growth over the last three quarters has been sluggish at best. Japanese 10-year yields were largely flat, albeit with higher volatility relative to previous months, and the yen continued its slide versus major currency pairs.

1.3%

Japan Index



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THE WORLD AT A GLANCE

	2019	2020	2021	2022	2023
UK CASH	0.7%	0.2%	0.0%	1.4%	4.7%
US DOLLAR INDEX	0.2%	-6.7%	6.4%	8.2%	-2.1%
UK GILTS	6.9%	8.3%	-5.2%	-23.8%	3.7%
US TREASURIES	6.9%	8.0%	-2.3%	-12.5%	4.1%
GLOBAL CORPORATE BONDS	7.3%	7.1%	-1.9%	-6.8%	4.0%
GLOBAL HIGH YIELD BONDS	8.3%	3.8%	2.0%	-2.3%	8.2%
US 500	28.9%	16.3%	26.9%	-19.4%	24.2%
UK ALL SHARE INDEX	14.2%	-12.5%	14.5%	-3.2%	3.8%
EURO 600 INDEX EX UK	24.2%	1.0%	22.4%	-14.9%	14.8%
JAPAN INDEX	15.2%	4.8%	10.4%	-5.1%	25.1%
ASIA EX JAPAN	17.9%	22.4%	-3.1%	-15.4%	6.4%
EMERGING MARKETS	15.4%	15.8%	-4.6%	-22.4%	7.0%
COMMODITIES	13.1%	-26.1%	41.6%	41.9%	-9.7%
GOLD	18.0%	20.9%	-4.3%	-0.7%	12.8%
HEDGE FUNDS	8.1%	5.8%	3.0%	-4.4%	2.7%

Jun 2024

Year to Date

0.4%

2.6%

1.1%

4.5%

1.2%

-2.5%

1.0%

-0.9%

1.1%

-0.3%

1.2%

3.9%

3.5%

14.5%

-1.4%

5.2%

-1.4%

6.5%

1.3%

18.7%

4.2%

12.7%

3.6%

6.1%

2.2%

12.0%

0.1%

12.7%

0.3%

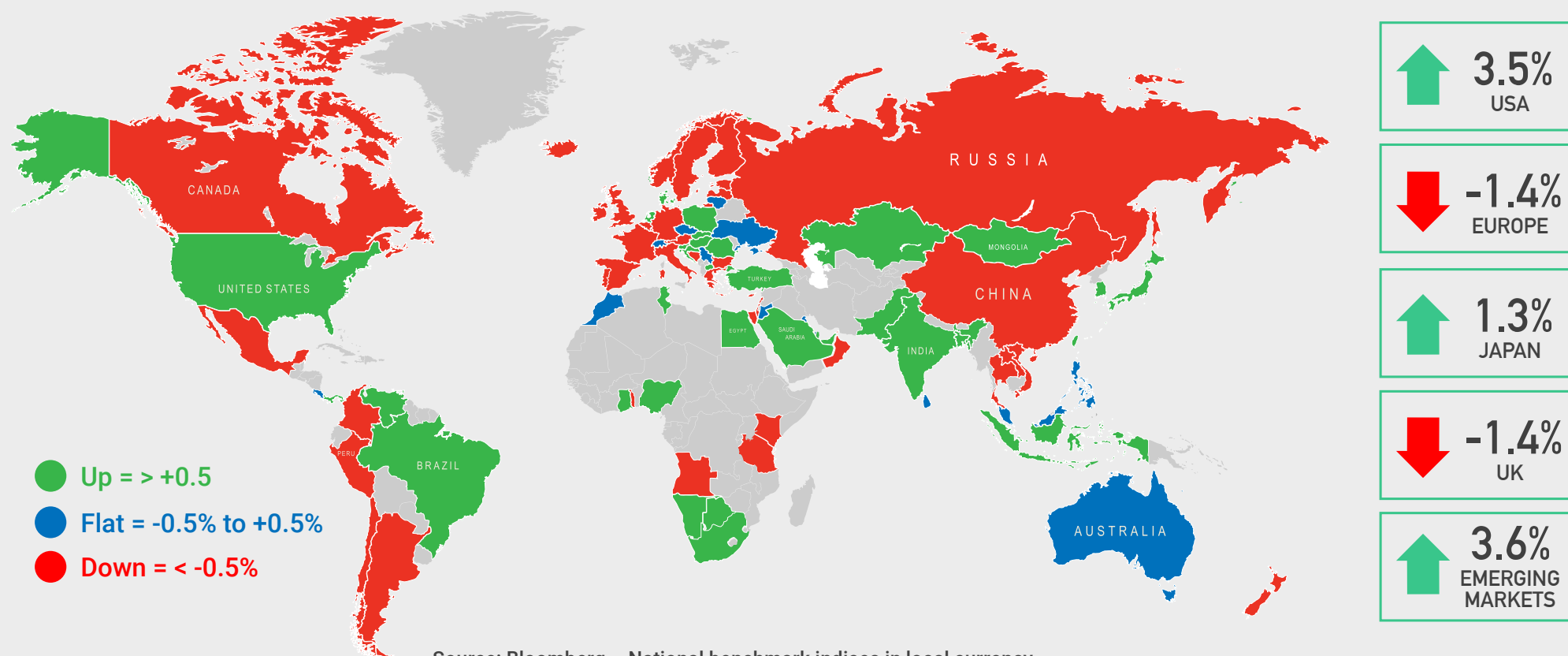
3.0%

Source: Bloomberg

Total Return – Local Currency

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WORLD EQUITY MARKETS

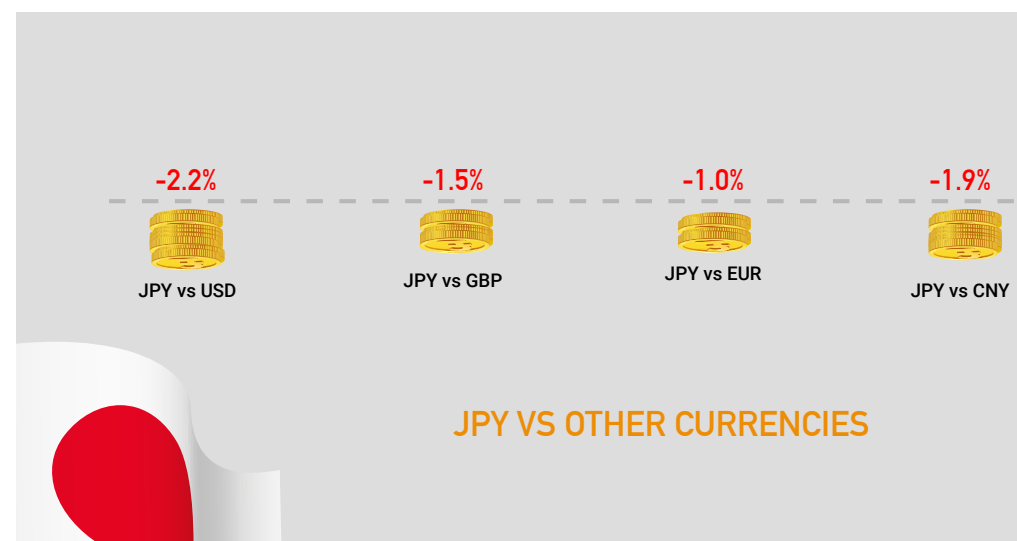
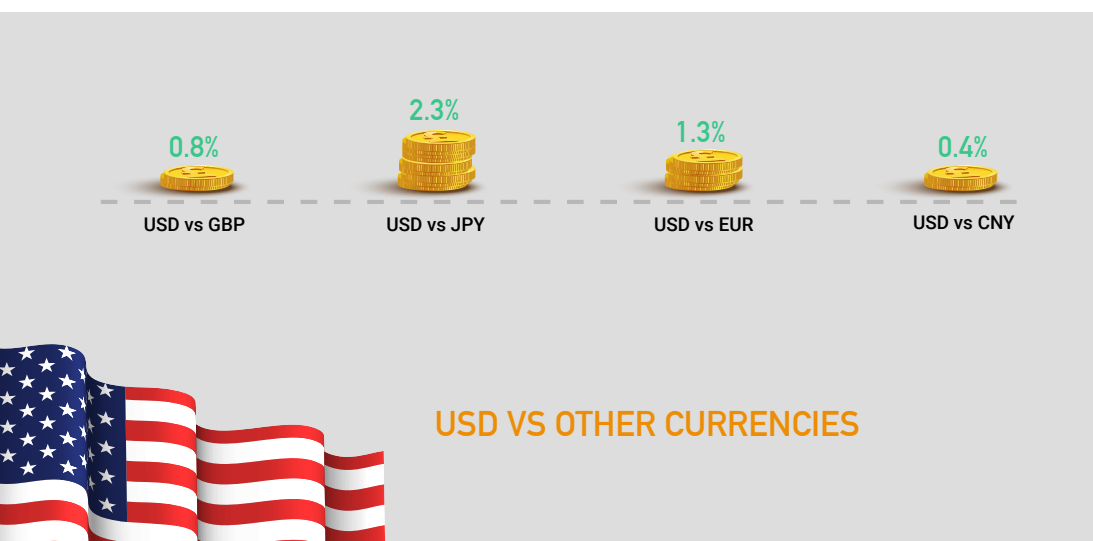
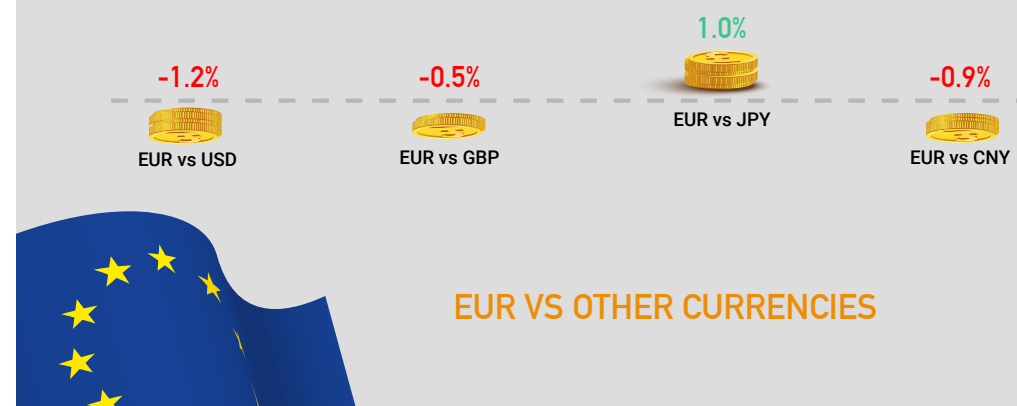
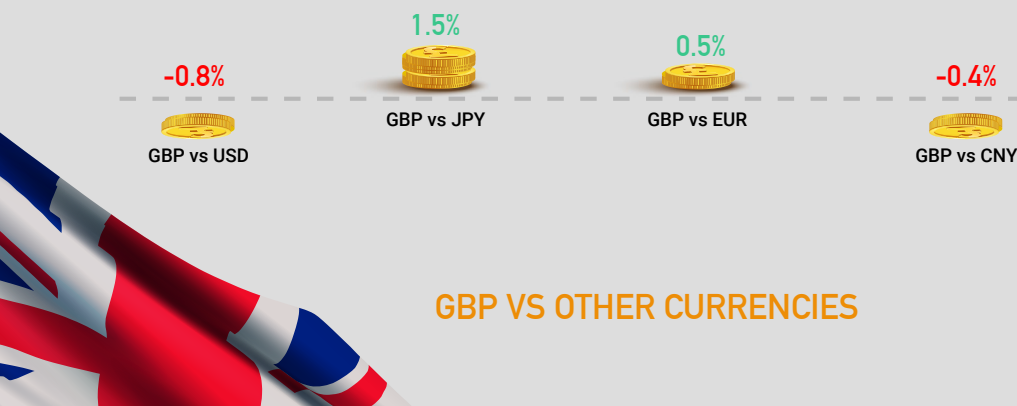


Key Points

- Global developed market equities continued their upward trend, and outperformed emerging market counterparts, led by US stocks, particularly mega-cap US technology names.
- From a style-perspective, 'growth' stocks outperformed 'value'. This was particularly evident in the US, where the speed and scale of the move was reminiscent of the COVID-lockdown growth rally of 2020.
- Outside of the (US) technology sector, communications services and consumer discretionary were positive performing areas, while most other sectors were negative. Materials (-3.9%) and utilities (-4.8%) were the poorest performers for June.
- In terms of market capitalisation, global larger caps comfortably outperformed small caps for the month, while posting a negative return.

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CURRENCIES



Key Points

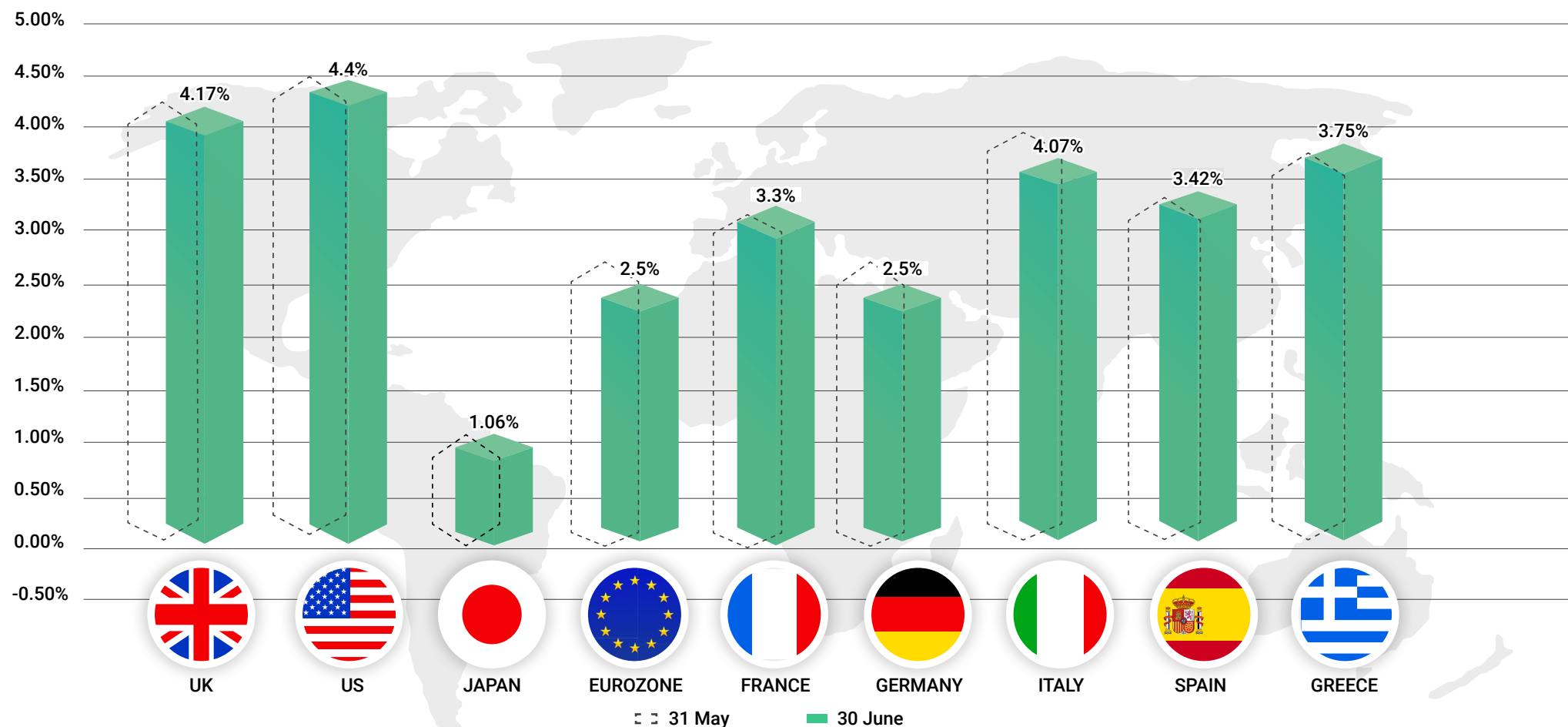
- The yen continued to weaken against all major currencies, crossing above the 160 mark against the US Dollar, a new multi-decade low. Dollar strength overall, and diminishing expectations for tighter Japanese monetary policy, helped explain the yen's weakness.
- The euro struggled somewhat against the headwind of the political uncertainty in France, with the currency declining against both sterling and the US dollar.

- The US dollar was strong against all major currencies, reflecting a relatively stronger US economic outlook.
- Interest rate expectations continue to cause gyrations in the currency markets. The ECB cut rates ahead of both the BoE and the Fed. Expectations are that the BoE will be next, which provides a positive backdrop for the US dollar.

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GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- In risk-adjusted terms, Credit and High Yield remained the best sectors to be in the bond market over the month. Volatility in government bonds remained elevated.
- Better US inflation and some weaker macro data made treasury yields fall back, with US 10-year yields moving down.
- The UK election had little impact on the gilts market. Better inflation data saw 10-year gilt yields drop from 4.32% to 4.17%.
- High yield and short duration credit delivered positive returns, and were made more attractive by their relatively low levels of volatility when compared to other areas of the fixed interest market.
- Within emerging markets, hard currency (USD, GBP and JPY) bonds performed well and were positive, while local currency bonds struggled (relatively) on the back of strengthening developed-market currencies.

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GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People’s Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy “loose” or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency.
The ‘Fed’	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks.
GBP	British Pound – sometimes referred to as ‘sterling’

GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries
Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends.
Hawkish	The approach in which central banks are likely to keep monetary policy “tight” or restrictive
JPY	Japanese Yen – currency of Japan
Macro	or Macroeconomics – a branch of economics that deals with the performance, structure, behavior, and decision-making of an economy as a whole
PMI	Purchasing Managers’ Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

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Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics (US) and Office for National Statistics (UK).