



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



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“Q4 2024 markets were largely driven by the US election, with the threat of trade tariffs impacting some regional markets outside of the US”



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Q4 2024 Commentary

Over Q4 2024, markets were largely driven by the US election, which ultimately saw US shares advance following Donald's Trump's victory. However, other regional markets came under pressure amid worries over the threat of trade tariffs.

Bond markets experienced volatility in Q4 2024. They were driven by geopolitical tensions, expectations of central bank decisions and persistent inflation. The impact of this was most keenly felt in government bond markets, which were impacted by a sell-off.

United Kingdom

FTSE All Share: -0.35%

UK equities fell over Q4 2024. Investors were concerned about the rise in long-term bond yields and growing concerns about the UK macro-economic outlook, which was exacerbated by concerns around the new UK government's fiscal policies unveiled, in its Autumn Budget.

Furthermore, the Office for National Statistics (ONS) data indicated that the economy shrank in October, the second straight monthly contraction. At the same time, revisions to past data revealed the economy had performed more poorly than expected, with the ONS revising down Q3 growth to zero from 0.1% previously.

United States

S&P 500: 9.57%

US equities made strong gains in Q4 2024. Equities were supported by Donald Trump's victory in the presidential election, and the accompanying "Red Sweep" which saw the Republicans take control of Congress. Shares were buoyed by expectations that Trump's policy programme will lift growth, lower taxes and cut regulation.

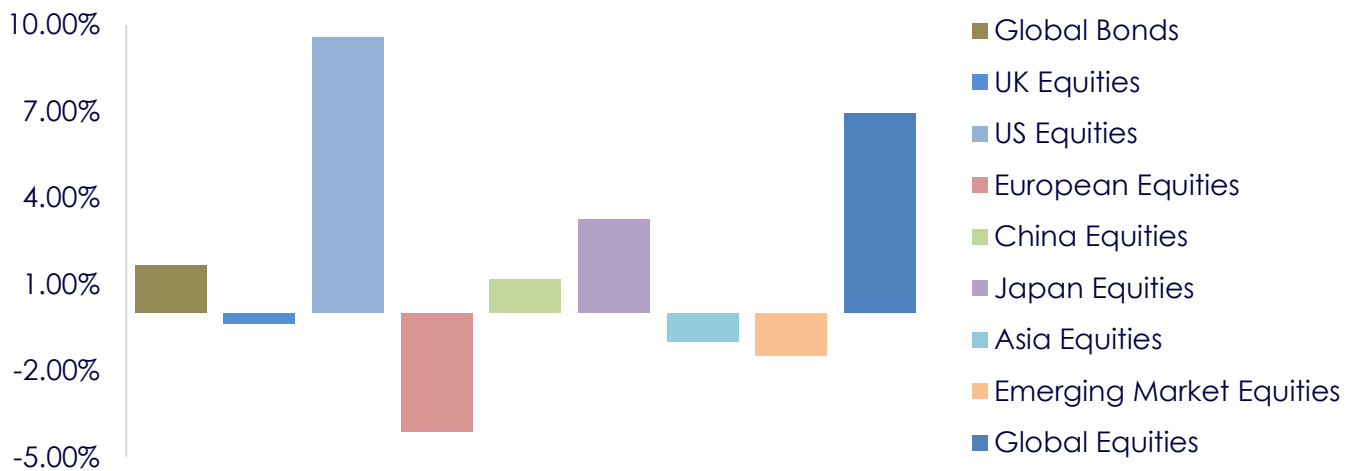
rates by 0.25% in both October and December. ECB President, Christine Lagarde, signalled more cuts to come in 2025, saying the "direction of travel currently is very clear" as the Eurozone wrestles with lacklustre growth.

China

CSI 300: 1.18%

China performed better than the emerging market peer group, but a lack of further detail

Discrete Quarterly Performance as at 31/12/2024



The US Federal Reserve (Fed) lowered interest rates by 0.25% in both November and December. However, in December the Fed triggered a sell-off in the market after reducing their expected number of interest rate cuts for 2025. This was due to their concerns about persistently sticky inflation. The US economy remained strong with annualised growth of 3.1% and a robust labour market.

Europe

FTSE Developed Europe ex UK: -4.11%

Fear of recession led to a decline in Eurozone shares. Political instability in France and Germany also impacted markets. There were also concerns over a potential trade war after Donald Trump won the US election. This was compounded by the purchasing managers' index (PMI) survey data for December showing that the Eurozone ended 2024 in contraction.

The European Central Bank (ECB) cut interest

rates by 0.25% in both October and December. ECB President, Christine Lagarde, signalled more cuts to come in 2025, saying the "direction of travel currently is very clear" as the Eurozone wrestles with lacklustre growth.

Japan

MSCI Japan: 3.25%

The weakness of the Yen assisted the exporters in Japan, leading to the Japanese market gaining during Q4 2024.

Domestically, corporate governance reforms are still ongoing, which have not yet bolstered confidence among overseas investors. Consequently, the Tokyo Stock Exchange disclosed both exemplary and poor case studies in the hope that this will encourage action from Japanese management in the coming year.

The Bank of Japan (BoJ) decided not to raise

interest rates at its December policy meeting, with BoJ Governor, Ueda, adopting a less hawkish stance.

Emerging Markets

MSCI Emerging Markets: -1.47%

Donald Trump's victory in the US presidential election acted as a headwind for emerging market equities. The MSCI EM index fell in the face of investor concerns about the impact of Trump's proposed tariffs.

Brazilian shares were the weakest as the local currency fell amid rising concerns over the country's fiscal outlook. South Korea posted losses on the back of political instability as first the President, and then the acting President, were impeached during December. Taiwan posted positive performance, which was driven largely by ongoing positive sentiment around artificial intelligence demand.

Global Bonds

Bloomberg Barclays Global Agg: 1.64%
US Treasuries sold off in October amid concerns

over potential inflationary policies arising from a Republican victory in the presidential election. The 10-year Treasury yield experienced a notable rise, finishing the year at 4.57%, indicating market uncertainty regarding the Fed's future actions amidst rising expectations for inflation.

The European Central Bank (ECB) also cut rates, leaving the base rate at 3% at the end 2024. Political turmoil in France further complicated the landscape, as yields on French bonds briefly surpassed those of Greek bonds for the first time in history, driven by fears of government instability. The 10-year German Bund yield closed 2024 at 2.37%.

In the UK, the Labour government's first budget at the end of October saw significant reactions in the UK fixed income market. Chancellor of the Exchequer, Rachel Reeves, announced a £40 billion tax increase and concerns over projected borrowing were also rising. Consequently, 10-year gilt yields rose, which meant that the price fell.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/12/2024

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	0.07	-5.86	-4.19	5.66
UK Equities	9.47	18.53	26.48	14.10
US Equities	26.73	37.88	103.52	13.92
European Equities	1.98	7.59	35.80	14.47
Japan Equities	10.24	17.47	33.79	12.40
Asia Equities	7.76	10.56	40.74	15.99
China Equities	16.94	-18.67	8.95	19.17
Emerging Market Equities	9.43	2.04	15.07	14.23
Global Equities	20.79	30.05	79.59	13.22

Data source FE Analytics 31/12/2024. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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