



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



September 2024

Independent Advice. Bespoke Solutions.

August Market Commentary

“Market volatility heightened in the month as fears about the strength of the US economy and a possible recession caused a global sell off”

August was a volatile month, but in general, global equities gained. Markets were initially impacted by disappointing US economic data, together with an interest rate hike by the Bank of Japan. This in turn sparked a sharp sell-off across global equity markets. However, by month end, the market had rebounded as investors began to price in more aggressive policy easing by the US Federal Reserve (Fed).

Against this backdrop of global equity volatility, global bonds rallied. The Bloomberg Global Aggregate Index ended up 2.8% over the month, as weaker economic data and cooling inflation bolstered the case for a September US Fed rate cut.

United Kingdom

FTSE All Share: 0.45%

UK equities rose over the month despite Prime Minister, Keir Starmer, warning of a "painful" autumn Budget with potential tax increases and spending cuts due to an estimated £22 billion shortfall in public finances.

The Bank of England's (BoE) made its first interest rate cut in four years, reducing the Bank Rate by 0.25% to 5.00%. BoE Governor, Andrew



Matthew Cove DipFA
Director
01304 371 753

Bailey, said the bank would move ahead cautiously, while as whilst inflation is relatively benign at the moment, risks remain of an “alternative world” in which inflation moves higher again.

Inflation ticked up slightly to 2.2% year-on-year in July. However, the estimate of Q2 2024 GDP growth showed that output expanded by 0.6% during the 2nd quarter, which was on the back of 0.7% growth the previous quarter.

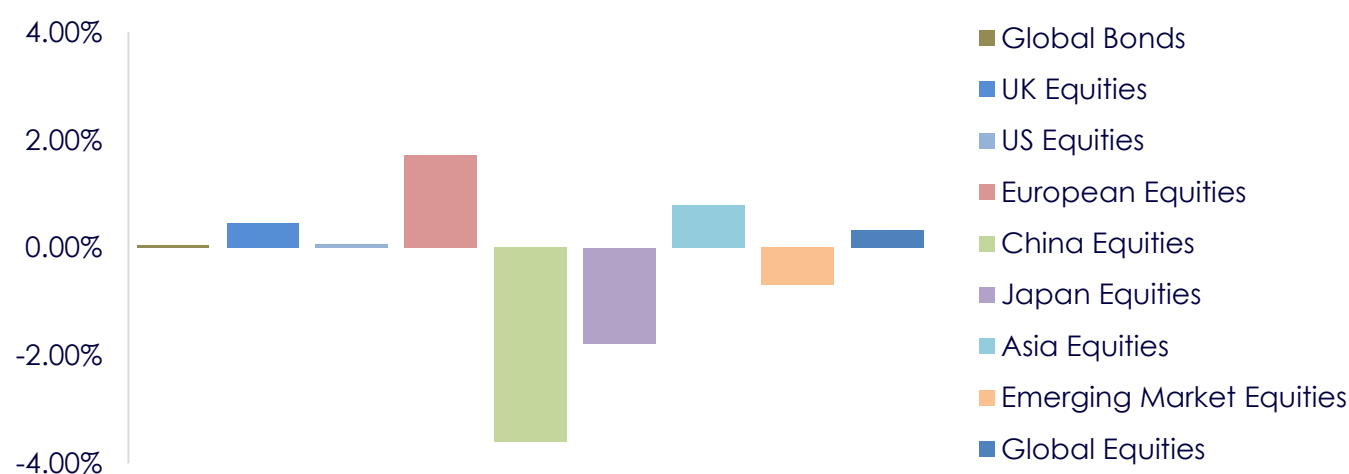
pace of interest rate cuts would depend on incoming data. This was interpreted as leaving the door open for a 0.5% interest rate cut in September.

Europe

FTSE Developed Europe ex UK: 1.72%

Eurozone performed well in August as investor expectations of further interest rate cuts helped to boost rate-sensitive sectors such as

Discrete Quarterly Performance as at 31/08/2024



United States

S&P 500: 0.06%

US shares ended the month marginally higher after some extreme market volatility and some sharp stock market falls. The volatility was sparked by weak US jobs data, which came in well below the consensus market expectations. Furthermore, the unemployment rate rose to 4.3% and a key manufacturing survey indicated further contraction in activity.

Following the weaker economic data, investors grew worried that the US Fed may have left it too late to cut interest rates, raising the risk of a recession. However, data released later in the month proved more reassuring with US retail sales rising by 1%, which was well above market expectations.

Market volatility was somewhat abated by US Fed Chair, Jerome Powell, acknowledging that the labour market had cooled but that the

real estate.

Data showed that inflation had fallen from 2.6% to 2.2%, which is edging back to European Central Bank's (ECBs) 2% target and thus making interest rate cuts more likely in September.

Meanwhile, the Eurozone purchasing managers' index (PMI) ticked up to 51.2 in August, with the expansion being supported by a buoyant services sector, that had been boosted by the staging of the Olympic Games in Paris.

China

CSI 300: -3.60%

Equity values fell in China as the country's slow recovery from the Covid-19 pandemic and the ongoing real estate crisis continued to weigh on sentiment, with many investors remaining on the sidelines as they wait for stronger fiscal support from the Chinese government.

Japan

MSCI Japan: -1.77%

Japanese equities experienced both a fall and heightened volatility. The market turbulence was associated with a sharp appreciation in the value of the Yen against other currencies.

From a macroeconomic perspective, corporate earnings were better than expected, GDP growth of 0.8% for Q2 2024 was supported by improving domestic demand, and real wage growth finally turned positive.

Emerging Markets

MSCI Emerging Markets: -0.69%

Following sharp declines at the start of the month on the back of US recession fears and a Bank of Japan interest rate hike, emerging market equities recovered to finish August in only slightly negative territory.

Some of the smaller Asian emerging markets were the top performers in the month, including the Philippines, Indonesia, Malaysia and Thailand, all of which were boosted by

local currency appreciation against the weakening US dollar. The Taiwanese market recovered following July's global sell-off of technology-related stocks.

Turkey was the worst performer, as the Lira depreciated, and weaker than expected Q2 2024 corporate earnings results and ongoing foreign equity outflows, impacted the market.

Global Bonds

Bloomberg Barclays Global Agg: 0.04%
August was a positive month for global bonds. US government bonds outperformed the wider market as investors focused on the expected first US Fed interest rate cut in September.

Other major government bond markets also saw more modest gains. Investor expectations of further interest rate cuts drove yields down and prices up. In the Eurozone, a further ECB interest rate cut has been priced in for September. Furthermore, there are similar expectations of more UK interest rates cuts, where the market now expects three further cuts over the next six months.

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 31/08/2024

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	3.07	-7.86	-13.50	6.00
UK Equities	16.98	24.35	37.89	14.14
US Equities	22.05	35.12	89.28	13.75
European Equities	15.10	15.41	46.49	14.39
Japan Equities	15.40	17.11	36.94	12.36
Asia Equities	16.32	9.67	44.72	16.01
China Equities	-10.01	-28.90	-8.57	16.56
Emerging Market Equities	10.95	-4.59	17.07	14.20
Global Equities	19.98	27.93	71.56	13.10

Data source FE Analytics 31/08/2024. 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.

IMPORTANT: Throgmorton Private Capital Ltd 31-33 High Street, Deal, Kent, CT14 6EL Tel: 01304 371753 www.throgmortononline.co.uk is authorised and regulated by the Financial Conduct Authority (FCA). This document is a general communication and is being provided for informational purposes only. It is not designed or intended to be advice or a personal recommendation of any kind. You are recommended to seek appropriate professional independent advice before taking or refraining from taking any action on the basis of the contents of this publication, which does not contain sufficient information to support an investment decision and should not be relied upon in the evaluation of the merits of any specific investment, investment strategy, product or transaction.