

Global Market Overview July 2024

Despite the heightened and ongoing geo-political concerns in the Middle East, investors continue to be encouraged by expectations of cuts in official interest rates, although returns from financial markets in the second quarter of 2024 were more modest than in the first quarter.

In early June, the US Federal Reserve signalled that they expected to make only one interest rate cut in 2024 – down from the three cuts that had been indicated earlier in the year. In line with these revised expectations, US government bond yields (which move inversely to bond prices) have fallen slightly over the past quarter.

The Swiss National Bank surprised in the first quarter with an unexpected interest rate cut, and in early June the Bank of Canada and the European Central Bank cut rates on the back of lower inflation in those regions.

It is encouraging to see recent headline inflation data moderate, but we are aware that inflationary pressures remain. Commodity prices have continued to be firm, especially oil, where production cuts have been extended. Global shipping rates are also considerably higher over the past year, and any additional trade barriers, such as tariffs, are likely to increase global goods prices and stoke inflationary embers.

We saw a modest wobble in April, when equity values stumbled following investor realisation that their expectations for interest rates cuts were too optimistic, but, overall, global equities have performed well so far during 2024. Interestingly, emerging markets equities led this performance for the first time in quite a while during the second quarter. Government debt (fixed income) has not done so well this year with rate cuts anticipated, but corporate debt continues to offer good diversifying properties within multi-asset portfolios.

After a number of years lagging other developed markets, there has been increasing international interest in UK equities which offer attractive relative valuations. We have seen a decisive win by the Labour Party in the UK General Election; nevertheless, the new government will face strong headwinds in stimulating economic growth, as any proposed policies will need to be managed within very constrained public finances.

Politics, and the US presidential election in November, will continue to exert influence over US monetary and fiscal policy. The usual result of this is that both consumer and investor confidence is boosted. Historically, presidential election years are positive years for the stock market. After the summer break we expect to see much more news flow about the main parties and the election.

There are still many uncertainties, especially concerning resolution to the Russian invasion of Ukraine, and heightened geo-political conflicts in the Middle East. We do, however, believe that carefully selected risk assets continue to offer attractive opportunities for the longer-term investor, as do certain fixed income assets which now also provide useful diversification to portfolios.

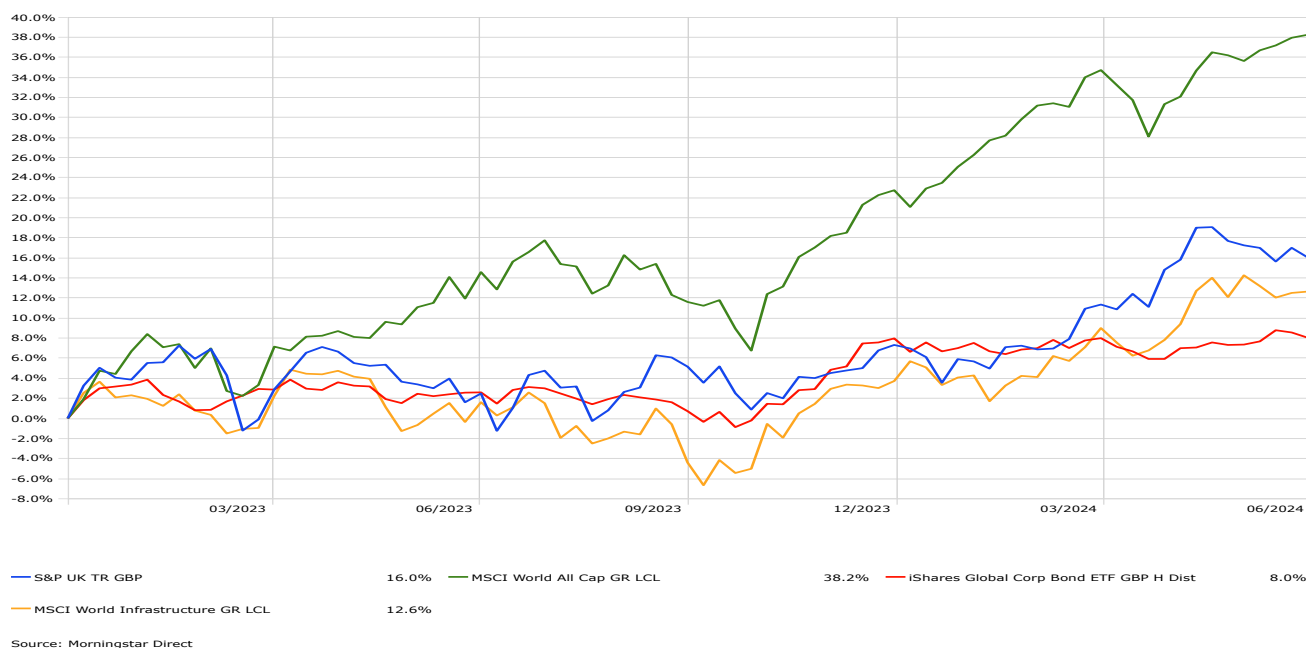


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Eighteen months to end June 2024 – percentage price/return



Index, Benchmark and Exchange Traded Fund – percentage growth to end June 2024

		Three Months	Six Months	One Year	Three Years	Five Years
Fixed Interest/Bonds						
iShares Global Corp Bond ETF	GBP	0.04	0.07	5.31	-8.77	-1.62
Bloomberg Sterling Gilts TR	GBP	-1.10	-2.88	4.67	-24.25	-20.86
US Equities						
S&P 500 PR	GBP	3.85	15.45	23.40	38.86	86.88
NASDAQ 100 TR	USD	8.05	17.47	30.77	38.62	167.7
UK Equities						
iShares FTSE 250 ETF	GBP	3.04	4.54	13.26	-2.31	16.32
S&P UK TR	GBP	4.22	8.13	13.24	33.24	33.71
Japanese Equities						
Nikkei 225 Average TR	Yen	-1.81	19.34	21.48	46.04	105.13
TOPIX 500 PR	Yen	1.51	19.31	23.09	45.48	83.14
European Equities						
iShares STOXX Europe 600	Euro	1.30	9.06	13.91	22.90	51.37
MSCI AC Europe GR	Euro	1.39	9.97	14.04	23.15	48.76
Asia and Emerging Equities						
Morningstar Asia GR	GBP	2.32	8.65	14.46	4.05	31.67
iShares Core MSCI Emerging	GBP	4.85	7.15	12.35	-12.65	19.82
Morningstar China GR	GBP	6.27	4.67	-1.56	-37.23	-15.72
Global Equities						
MSCI World All Cap PR	Various	1.98	11.38	18.25	18.44	62.68
MSCI World ex USA All Cap PR	Various	-0.27	8.18	11.38	13.04	34.18
Global Property and						
Morningstar Gbl Eq Infra GR	GBP	-0.20	3.09	6.11	16.44	34.13
S&P Global Property TR	USD	-1.92	-2.40	6.61	-11.14	0.47
Commodities and UK RPI						
S&P GSCI Brent Crude Spot	USD	-2.30	10.33	12.72	13.91	31.29
S&P GSCI Gold Spot	USD	4.52	12.93	21.26	32.06	65.49
UK RPI	Rate %	4.1	4.4	13.7	2.7	2

Important Information

Data source: graphs, economic and market data - Morningstar Direct. NB: Asset Risk Consultants Indices contain estimated numbers. TR is Total Return. PR is Price Return. GR is Gross Return. With investment, your capital is at risk. Opinions constitute our judgement as of this date and are subject to change without warning. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your initial investment. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance. LAM accepts no responsibility for any direct, indirect, or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. The information in this document does not constitute advice or a recommendation and you should not make any investment decisions based on it. If you do, however, require advice we would of course be happy to assist.

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