August 2024

The Premier Partnership Limited

Your Family Office

Investment REPORT

Well a lot can happen in a month - including a General Election and a landslide victory for a new Government, along with a first interest rate cut from the Bank of England for four years - down from 5.25% to 5.00%.

The interest rate cycle has finally turned, which should assist Labour's push for growth. Perhaps Rishi should have waited until the Autumn after all? This round of rate cutting will be a slow and steady dance around the maypole, not the usual 'lets get the lift to the ground floor as soon as possible' approach. Another unusual point of this rate cut, is the Bank of England is cutting interest rates into a growing economy - not a recession. There is much to be yet understood about that decision.

Markets have lost some of their zip so far this Summer, and recent performance figures on earnings from some of the smaller American technology companies is one of the reasons. The market figures that if the smaller IT companies are finding business more difficult, then the 'magnificent 7', who have driven markets now for 2 years, must also be suffering. Price volatility in the semi conductor sector in particular over the last month has certainly not helped the overall market performances. Also the recent sell off in Japanese equities, which triggered similar events across other Asian markets and Europe, hasn't helped the monthly performance figures. Japanese stocks are falling out of favour - because unlike the Bank of England and the Federal Reserve in the US, The Bank of Japan is actually raising rates to support the Yen, which is hurting exporters. This is what makes the world economy an interesting place!

The hair trigger reactions of markets this month, in response to every shred of news on AI or tech, has highlighted the current dichotomy between the thinking of Central Banks. The Bank of England has cut rates, but gave a strong indication that there will be no more until the data on inflation improves. The Federal Reserve have not cut rates, and many believe that they should have already to assist a weakening American economy. The Bank of Japan are raising rates - so the world has all options covered! (Thinking emoji).

The reactions to earnings misses from the '7' shows that the AI honeymoon is over, and the market reactions are appropriate, as investors search for the next driver of corporate earnings. This is not a repeat of the dot-com bubble, and the sky is not falling in, but there will be further volatility in stock markets over the next few months, now that the washing machine has been turned back on, and the options tumble out in time. Patience will be a virtue over the Summer.

I am sure you, like me, are glued to the Olympics, and there is nothing better than a gold medal for Team GB competitors to life the spirits. Enjoy the sun and the sport! (That is not a newspaper recommendation!)

Until Next Time…..

Global Stock Market Performance 2024

Market	Index	29 December 2023	31 July 2024	Percentage Performance Year to date
USA	Dow Jones	37587.64	40969.05	+9.00
	NASDAQ	14985.87	17570.26	+17.25
	S&P 500	4760.53	5523.55	+16.03
UK	FTSE 100	7733.24	8367.98	+8.21
France	CAC 40	7543.18	7531.49	-0.15
Germany	Xetra Dax	16751.64	18506.48	+10.48
Italy	FTSE MIB	30351.62	33763.86	+11.24
Spain	IBEX 35	10102.10	11065.00	+9.53
Switzerland	SMI	11137.79	12317.44	+10.59
Japan	Nikkei 225	33464.17	39101.82	+16.85
Hong Kong	Hang Seng	17047.39	17344.60	+1.74
China	Shanghai Composite	2974.93	2938.75	-1.22
India	Sensex 30	72240.26	81741.34	+13.15

Data provided by Morningstar

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