



# NORMAN K.

## MONTHLY NEWSLETTER – Novembre 2024



October was a volatile month, with equities ending lower after experiencing a strong upward trend earlier in the year. Investors remain cautious about macroeconomic data and the potential for a slowdown in growth. Additionally, the upcoming U.S. elections are a source of concern, as investors worry that fiscal policies could have inflationary effects. Central banks are expected to maintain a gradual easing path in their monetary policies.

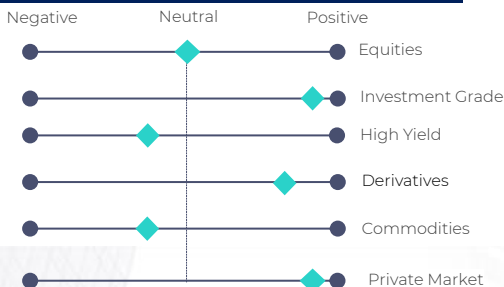
Despite these concerns, we believe the soft-landing scenario remains intact, with short-term focal points being the U.S. elections and rising tensions in the Middle East.

We maintain a positive outlook on bond portfolios and a neutral stance on equities, while remaining alert to market opportunities that may arise during periods of volatility.



**Olivier LIOT**  
Founder - Head of  
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### OUR MARKET VIEWS



### POTENTIAL MARKET CATALYST

- Interest rates cuts
- Continuing Inflation easing
- US election
- Easing of geopolitical tensions

### KEY INDICATORS

Equities (%)	Level	September	October	YTD 2024
S&P 500	5 705	2,0	-0,99	24,30
Nasdaq 100	19 890	2,5	-0,85	23,51
Eurostoxx 50	4 828	0,9	-3,46	6,17
FTSE 100	8 110	-1,7	-1,54	5,60
China SI 300	3 891	21,0	-3,16	20,83
Emerging markets	1 120	6,4	-4,38	10,56

Bonds (rate spreads)	Level	Sept.	Oct.	YTD 2024
<b>10 year government bonds</b>				
US	4,28	-0,12	0,50	13,99
Europe	2,39	-0,18	0,27	20,60
<b>Corporate – 5 years spread (change level)</b>				
Investment Grade US	54	3,45	1,15	-13,76
Investment Grade Europe	98	3,25	-0,12	-3,11
High Yield US	336	7,36	6,59	-13,90
High Yield Europe	314	22,36	3,24	-3,78

Currencies (%)	Level	September	October	YTD 2024
EUR / USD	1,0884	0,8	-2,25	-2,55
GBP / USD	1,2899	1,9	-3,56	1,54
CHF / USD	1,1573	0,5	-2,14	4,04

Commodities (%)	Level	Sept.	Oct.	YTD 2024
Gold	2 744	5,2	4,15	29,09
Brent	73	-8,9	1,94	-2,73
Copper	434	8,1	-4,68	9,73
Aluminium	2 601	7,6	-0,71	10,01

Volatility	Level	September	October	YTD 2024
Euro Stoxx 50	22	18,3	20,29	36,18
Nasdaq 100	23	11,5	38,43	30,68

Cryptos (%)	Level	Sept.	Oct.	YTD 2024
Bitcoin	69 938	8,2	9,65	76,5
Ethereum	2 518	4,3	-3,67	23,9

## CHART OF THE MONTH

### The federal reserve is poised to continue its rate-cutting cycle

Given the weaker-than-expected jobs report for September and downward revisions, the Fed is on track to cut rates at both the November and December Fed meetings.

MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	
07/11/2024				0,0%	0,0%	0,0%	0,0%	99,2%	0,8%	
18/12/2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	68,1%	31,7%	0,2%	
29/01/2025	0,0%	0,0%	0,0%	0,0%	0,0%	33,5%	50,2%	16,2%	0,1%	
19/03/2025	0,0%	0,0%	0,0%	0,0%	22,8%	44,8%	27,1%	5,3%	0,0%	
07/05/2025	0,0%	0,0%	0,0%	9,5%	32,0%	37,4%	18,0%	3,1%	0,0%	
18/06/2025	0,0%	0,0%	4,3%	19,7%	34,5%	28,6%	11,2%	1,7%	0,0%	
30/07/2025	0,0%	0,9%	7,7%	22,9%	33,2%	24,8%	9,1%	1,3%	0,0%	
17/09/2025	0,2%	2,3%	10,7%	25,0%	31,5%	21,7%	7,6%	1,1%	0,0%	
29/10/2025	0,5%	3,5%	12,7%	25,9%	30,1%	19,7%	6,7%	0,9%	0,0%	
10/12/2025	0,9%	4,7%	14,5%	26,5%	28,7%	18,0%	5,9%	0,8%	0,0%	

Source: FedWatch, November 4th 2024

### October: Volatility in the month leading up to U.S. elections.

#### USA: Economy is moderating but remains resilient.

- The initial estimate for U.S. GDP growth in the third quarter showed a solid 2.8% annualized increase, indicating that the economy is still expanding thanks to strong consumption.
- In September, overall inflation saw its slowest annual increase since early 2021, while core inflation remained high.
- The labor market showed signs of a slowdown, with job growth below expectations and slight downward revisions for prior months. However, this was partly influenced by October's hurricanes and strikes, while a small drop in the unemployment rate suggests the slowdown remains limited.
- Investors are concerned about upcoming fiscal policies from political parties and their potential impact on inflation.

After the 50-bps rate cut in September, the Fed is expected to continue its accommodative policy, though at a slower pace, with anticipated cuts of 25 bps in both November and December. These moves are expected to support equity markets, despite the volatility generated by the elections.

#### EUROZONE: Further indications of a deteriorating economic environment...

- In Europe, the inflation rate for September was revised down to 1.7%, while the October figure increased slightly, largely due to energy base effects.
- The European Central Bank (ECB) noted a decline in economic momentum, especially in manufacturing, though the service sector showed strong demand. As a result, the ECB implemented a third rate cut of 25 basis points this year.

As previously mentioned, we believe that the recovery in the Eurozone will be slower than in the U.S., which is likely to encourage the ECB to maintain its monetary easing measures.

#### CHINA: Huge measures to boost the equity market...

- In October, the government introduced initiatives allowing local governments to use special bonds to purchase land from struggling developers and planned to raise the government debt ceiling.
- These steps reflect Beijing's commitment to managing the real estate bubble and boosting consumption.
- While the full impact of these measures is still unclear, a looser monetary and fiscal policy could enhance growth by 2025.

The Chinese government aims for 5% growth this year and is prepared to implement various stimulus measures to achieve it. However, we remain cautious, especially if Trump is elected, as this would likely put significant pressure on Chinese companies.

Economic slowdown and geopolitical uncertainties led to a slight decline in markets in October. The **3rd quarter earnings season** started strong with banks, while tech companies provided more mixed guidance, especially in the semiconductor sector, contributing to market volatility. **Markets** tend to **react sharply to earnings disappointments**, particularly as year-end approaches and performance has been strong year-to-date (ASML, Microsoft, Eli Lilly, etc.). Nevertheless, **earnings growth** for this year is expected to reach approximately 9%, a **significant improvement** over last year's 1%. Looking ahead to 2025, double-digit earnings growth is possible, especially if interest rates ease and inflation stabilizes around 2%, factors likely to boost both consumption and investment. The ongoing **U.S. elections** are also impacting the markets, **currently leading toward a Republican candidate victory and favoring risk assets**.

We continue to favour **bonds**, adding **currency diversification** to our portfolios (GBP). These portfolios are already benefiting from the rate cuts initiated by various central banks, which are expected to continue through year-end. As for equities, we remain cautious in this period of heightened volatility.

Regarding the **pre-IPO market**, **opportunities are arising for investors at attractive valuation levels**, particularly in comparison to equity markets. Interesting opportunities in private assets offer ways to **increase diversification and reduce correlation** in our portfolios, with a sharp focus on selecting various deals (private equity and private debt).

### WHICH OPPORTUNITIES IN THIS CONTEXT?



High valuations of stocks



- In-depth analysis and selectivity
- Reinforce in the event of a market decline



Start of rate cuts and political uncertainty



- Lock in current yield levels and anticipate impacts on portfolios.
- Currency diversification



Weaker macroeconomic environment



- Alternative investments
- Pre-IPO segment / private debt / asset finance

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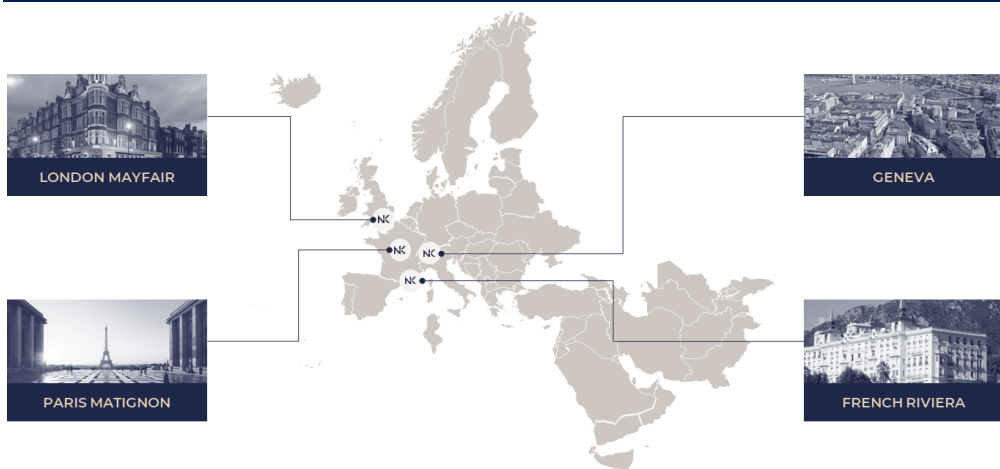
Norman K also draws investors' attention to the fact that the financial instruments offered present a risk of capital loss.

The investment also presents liquidity risk, valuation risk and currency risk.

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