SPARKASSE Bank Malta plc

Private Banking

Market Update

Q3 2024

Global Equity Index	Q3 2024
S&P500 (US)	+5.53%
Nasdaq (US)	+2.57%
EuroStoxx50 (EU)	+2.17%
FTSE 100 (UK)	+0.89%
MSCI Emerging Markets	+7.79%
Commodities	**Q3 2024**
Crude Oil WTI	-16.40%
Gold	+13.12%
World Government Bonds	**YTM 2 Yrs | 10 Yrs**
USD 2-Year Bond Yield	+3.65% | +3.79%
Germany 2-Year Bond Yield	+2.07% | +2.13%
UK 2-Year Bond Yield	+3.99% | +4.01%
Currencies	**Rates of Exchange**
EUR/USD	1.1134
EUR/GBP	0.8322

The above calculations have been done based on data sourced from Reuters. Prospective customers should not base their decision on investing solely on the indicated rate of return.

Important information

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Global equities registered gains in the third quarter, with several instances of significant volatility. Sustained by the announced new stimulus measures in China, Emerging equity outperformed the other main equity markets. Meanwhile, interest rate cuts during the quarter, combined with expectations for further reductions, stimulated the strong performance of fixed-income markets.

In the US, stocks rose, with the S&P 500 gaining 5.53% and the Nasdaq up 2.57%. The quarter was largely influenced by the changing interest rates expectations. The Federal Reserve (Fed) held rates at a 23-year high in July but reduced them by 50 basis points in September. Weaker jobs data in July, showed unemployment climbing to 4.3%, raising concerns that the Fed may have delayed cutting rates for too long. This sentiment has further stimulated the market's expectation for more substantial monetary easing by year-end. Investor confidence was challenged by the market's heavy investment in tech, affecting their immediate profitability. These factors contributed to the market volatility experienced during August. Attention has also shifted to the upcoming US election on November 5, after President Biden withdrew from the race in July, endorsing Vice President Kamala Harris as the Democratic candidate.

In the Eurozone, the EuroStoxx 50 index gained 2.17% during the past quarter. The European Central Bank (ECB) kept rates unchanged in July and lowered them by 25 basis points in September. Inflation softened over the period, with annual rates declining from 2.6% in July to 2.2% in August, and 1.8% by September.

UK equities saw a modest rally over the quarter, supported by the Labour Party victory in the general election that increased optimism for an economic recovery. This coincided with rising expectations for a rate cut by the Bank of England (BoE), which announced a 25 basis point reduction in August, marking its first rate cut in four years. This positive sentiment was challenged soon after by new Prime Minister Keir Starmer's warning of a "painful" autumn budget, which could include tax increases and spending cuts.

Emerging market (EM) equities outperformed developed markets in Q3, with the MSCI Emerging Markets index climbing 7.79%. While the start of the quarter was dominated by volatility, the easing of monetary policies in both the US and China drove solid returns in September for EM assets.

Commodities experienced a mixed performance during the quarter. Agriculture, industrial metals, and precious metals all saw gains, with gold up by 13.12%. In the energy sector, prices fell sharply despite heightened tensions in the Middle East, as global demand weakened amid growth concerns. In agriculture, prices for coffee, cocoa, and sugar rose sharply, while soybeans and wheat saw modest declines.

The third quarter marked the beginning of interest rate cuts in many major economies. In the US, the combination of weaker-than-expected employment data and a larger-than-anticipated drop in August inflation spurred the Fed to start its much-awaited rate-cutting cycle with a 50 basis point reduction. This move, along with expectations of further cuts, led to a weaker US dollar against major currencies. In the bond market, US Treasury yields dropped significantly during the quarter, with two-year yields leading the decline, falling by 111 basis points as the yield curve steepened, reflecting the outlook for lower rates. In the Eurozone, the yields of the government's bonds dropped during the quarter as lower rates and expectations of further cuts affected the bond markets.