BANKING | CUSTODY | INVESTMENTS

SPARKASSE
Bank Malta plc

Private Banking

Market Update

Q4 2024

Global Equity Index	Year 2024
S&P500 (US)	+23.31%
Nasdaq (US)	+28.64%
EuroStoxx50 (EU)	+8.28%
FTSE 100 (UK)	+5.69%
MSCI Emerging Markets	+5.05%
Commodities	**Year 2024**
Crude Oil WTI	+0.10%
Gold	+27.47%
World Government Bonds	**YTM 2 Yrs | 10 Yrs**
USD 2-Year Bond Yield	+4.24% | +4.57%
Germany 2-Year Bond Yield	+2.07% | +2.36%
UK 2-Year Bond Yield	+4.37% | +4.57%
Currencies	**Rates of Exchange**
EUR/USD	1.0353
EUR/GBP	0.8272

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

This communication is not investment advice or investment research nor does the document implicitly or explicitly recommend or suggest an investment strategy or reach conclusions in relation to an investment strategy for the reader. It provides generic statements about financial markets for information purposes only. It does not constitute an offer to sell or any solicitation of any offer to buy securities. The information contained in this communication has been obtained from sources which the Bank considers to be reliable. No responsibility can be accepted for errors of facts or figures.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Contact Private Banking

In 2024, the global financial markets navigated a complex landscape defined by resilience, volatility, and evolving macroeconomic trends. Following a turbulent 2023 that was dominated by inflationary pressures and aggressive monetary tightening, 2024 brought signs of stabilization, economic adaptation, and renewed optimism across certain sectors.

The U.S. economy demonstrated robust performance, propelling the S&P 500 to a significant gain of 23.31%. This significant surge was largely fueled by substantial growth in technology stocks, with industry giants such as Nvidia and Tesla experiencing considerable gains. The U.S. dollar strengthened against major currencies, attracting capital inflows into U.S. assets and reinforcing its position as a preferred safe-haven currency. Political developments also played a critical role, as Donald Trump emerged the winner of the U.S. Presidential election in November. Equities were sustained by expectations that Trump's agenda—focusing on stimulating growth, lowering taxes, and deregulation—would support further expansion. Monetary policy shifts were also key factors in 2024. The Federal Reserve cut interest rates by 100 basis points over three meetings, starting in September. This measured approach supported equity markets while balancing inflation risks. However, policymakers have signaled a slower pace of cuts in 2025, with expectations now pointing to just two rate cuts totaling 50 basis points - a downward revision from earlier projections of 100 basis points.

European markets faced several challenges during 2024, as the Euro declined against the U.S. dollar and equities lagged behind their American counterparts. The Eurostoxx 50 index recorded moderate gains of 8.28%, reflecting a more cautious economic environment. Despite four interest rate cuts by the European Central Bank (ECB), the eurozone economy continued to show signs of weakness, although at a slower pace than the prior year.

The UK market showed resilience in 2024, with the FTSE 100 posting gains of 5.69%. The Bank of England (BoE) opted to keep its benchmark interest rate steady at 4.75% during its December 2024 meeting, aligning with market expectations. However, concerns about inflation persistence, rising wage growth, and inflation expectations prompted the BoE to maintain a restrictive stance.

Emerging markets delivered mixed performances in 2024. The MSCI Emerging Markets Index ended the year with moderate gains of 5.05%. However, many emerging market currencies depreciated sharply against the U.S. dollar, reflecting capital outflows and concerns over external debt problems.

The commodities sector presented a varied picture in 2024. Gold surged significantly, recording gains of 27.47% as investors wanted protection against inflation and market uncertainties. Additionally, central banks increased their gold reserves as alternatives to major reserve currencies, further driving demand. Meanwhile, oil prices remained relatively stable, with slight increases observed toward the end of the year amid geopolitical tensions and tightening supply concerns.

Government bonds faced a challenging year despite a backdrop of falling interest rates in major economies. Bond investors experienced annual losses as central banks delivered fewer rate cuts than anticipated, contributing to persistent inflationary pressures. Despite the Fed's recent interest rate cuts, the US 10 year bond yield is still trading at relatively high levels , reflecting both inflation risks and uncertainty surrounding fiscal and monetary policy adjustments.