SPARKASSE
Bank Malta plc

Private Banking

Market Update

Year 2024

Global Equity Index	Var. % 2024
S&P500 (US)	+10.16%
Nasdaq (US)	+9.11%
EuroStoxx50 (EU)	+12.42%
FTSE 100 (UK)	+2.84%
MSCI Emerging Markets	+1.90%
MSCI ACWI Net Return EUR	+10.67%
Commodities	**Var. % 2024**
Crude Oil WTI	+16.08%
Gold	+8.04%
World Government Bonds	**Var. in YTM % Q1 2024**
USD 2-Year Bond Yield	+0.38%
US 10-Year Bond Yield	+0.34%
Germany 2-Year Bond Yield	+0.42%
UK 2-Year Bond Yield	+0.22%

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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The global economy is currently experiencing a slowdown, with further decreases expected in the year 2024. Asia Pacific remains a strong driver of growth, while developed economies are facing challenges due to historically high interest rates and ongoing inflation pressures. Despite this, the US economy showed resilience, expanding by 3.4% in Q4 2023. The first quarter of 2024 saw positive performance for global equities with the MSCI ACWI Net Return EUR up by 10.67%.

In the US, the stock market remained buoyant, with the S&P500 and NASDAQ up by 10.16% and 9.11% respectively in the first quarter of 2024. For both indexes, it is the 5th consecutive positive month, surpassing last month's all-time highs. The positive GDP growth rate indicates a resilient US economy, supported by a robust jobs market, consumer spending, and exports. However, the annual inflation rate unexpectedly edged up to 3.2% in February 2024, while the Federal Reserve kept the fed funds rate steady at a 23-year high of 5.25%-5.5%.

Europe remains close to a technical recession, with negative economic growth (-0.1%) in Q3 2023 and stagnant (0.00% growth) in Q4 2023. Despite economic challenges, the EuroStoxx50 performed significantly positively, up 12.42% in Q1 2024. Falling inflation and the anticipated interest rate cuts have been positively perceived by the market as this could stabilize real estate yields/interest and improve the overall market conditions. The consumer price inflation (CPI) rate in the Euro Area declined to 2.4% year-on-year in March 2024, while the European Central Bank retained the interest rates at historically high levels during its March meeting.

The UK's economy contracted by 0.3% in Q4 2023, entering a technical recession for the first time since the repercussions of the COVID-19 outbreak in the year 2020. The FTSE 100 performed positively in Q1 2024, up by 2.84%. The UK's inflation rate dropped to 3.4% year-on-year in February 2024, while The Bank of England maintained the Bank Rate at 5.25% during its March meeting.

In the first quarter of 2024, emerging market equities registered positive returns of 1.9%. The latter still lagged behind developed market peers, Economic recoveries in emerging markets are expected to remain slow due to challenging global conditions.

Commodity markets registered an upward price movement in Q1 2024, with Gold and OIL up by 8.04% and 16.08% respectively. Geopolitical tensions continue to threaten disruptions to commodities production and exports. Cocoa prices have soared by more than 100% since the beginning of the year, driven by a severe cocoa shortage in West Africa, particularly in Ghana and Ivory Coast.

Bonds are further gaining attractiveness, offering relatively controlled volatility and more predictable returns within a stipulated duration. In Q1 2024, global bond yields rose slightly as interest rate cuts are expected later than initially anticipated.

Aggressive monetary policy implemented by central banks to combat inflation has led to significantly high volatility in the currency market. In Q1 2024, the USD strengthened once again against the main other currencies.

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