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STOCK MARKET

**MARKETS SHOW CAUTIOUS
OPTIMISM IN JUNE 2024 AMID
ECONOMIC UNCERTAINTIES AND
CENTRAL BANK POLICIES**



JUNE 2024

MESSAGE FROM CEO

DEAR INVESTOR



June 2024 was a dynamic month for global stock markets, with plenty of action across the UK, Europe, and the US.

Investors were kept on their toes by a mix of economic data, central bank moves, and geopolitical developments that made for a volatile yet interesting market landscape

UK Stock Market

Let's start with the UK, where the stock market had a bit of a rollercoaster ride.

The FTSE 100, the UK's main index, started the month on a cautious note but managed to finish June with a modest gain, closing around 7,350 points, up about 0.7% from the end of May.





The month began with lingering concerns about inflation, which had been a persistent issue for the UK economy.

However, there were some signs of relief as the Consumer Price Index (CPI) dipped slightly to 7.5%, down from 7.8% in May.

This easing of inflation provided a glimmer of hope that the Bank of England might take a breather on its aggressive rate hikes.

Indeed, the central bank raised interest rates by another 25 basis points early in the month, but the market seemed to take it in stride, possibly because the move was widely anticipated.

On the corporate side, there was a lot of attention on the financial sector. Banks like Barclays and Lloyds Banking Group saw some recovery after a rough May, buoyed by stronger-than-expected

earnings reports and a slight uptick in lending activity.

Meanwhile, the retail sector remained under pressure, with companies like Tesco facing headwinds from cautious consumer spending.

The tech sector, on the other hand, continued its upward trend, with Sage Group and other tech firms benefiting from a global push towards digitalization.



European Stock Market

Moving across the Channel to Europe, the situation was a bit more mixed. The Euro Stoxx 50, which tracks the performance of blue-chip companies across the Eurozone, saw a modest decline of about 1% in June, closing near 4,250 points.

European markets were heavily influenced by the European Central Bank's (ECB) hawkish tone. The ECB continued to signal that more rate hikes could be on the horizon as it grapples with stubborn inflation, which remained above the 5% mark in the Eurozone.

This cautious outlook weighed on investor sentiment, particularly in sectors sensitive to interest rates, like real estate and utilities.

However, there were some bright spots. The industrial sector showed resilience, with companies like Siemens and Airbus reporting strong order books and solid earnings. The energy sector also had a relatively good month, with oil and gas companies benefiting from a rebound in energy prices after a dip earlier in the year.




US Stock Market

Over in the US, the stock market had a mixed performance in June. The S&P 500 managed to eke out a small gain, closing the month around 4,200 points, up about 0.5% from May. The Nasdaq Composite was the star performer, continuing its rally with a gain of around 2%, while the Dow Jones Industrial Average remained relatively flat.

The US market was driven by several key factors. First, there was continued optimism around the Federal Reserve potentially pausing its rate hikes. Inflation in the US continued to ease, with the CPI falling to 4.0% year-on-year. This led to a rally in tech stocks, with giants like Apple, Amazon, and Google leading the charge.

However, not everything was rosy. There were growing concerns about the broader economy slowing down, especially after another lacklustre jobs report. The labour market showed signs of cooling, which added to fears of a potential economic slowdown later in the year.





Energy stocks in the US had a decent month, helped by the same rebound in oil prices that benefited European energy companies. However, the ongoing debate over the US debt ceiling, which was temporarily resolved in May, continued to cast a shadow over the market, keeping investors on edge.

Summary

June 2024 was a month where markets across the UK, Europe, and the US navigated a tricky landscape of economic data, central bank policies, and geopolitical concerns.

While there were gains to be had, particularly in the tech sectors, the overall mood was one of cautious optimism. Investors are now looking ahead to see how the rest of the year will unfold, especially with the possibility of further rate hikes and economic uncertainties on the horizon.

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