

Monthly Market Snapshot

July 2024

The Monthly Market Snapshot publication provides commentary on the global economy and the performance of financial markets.

Market commentary

In the month of July 2024, global stock markets in aggregate produced modest positive returns. However, towards the end of the month performance trends started to turn negative.

In the US, a worse than expected increase in the unemployment rate and downgrades in company earnings revisions, particularly a tempering of the very positive growth outlook for the Technology sector, dragged down US equity returns towards the end of the month. There was significant turmoil in US politics, with an assassination attempt on former President and Republican Presidential candidate, Donald Trump, and the change of Democrat Presidential candidate from Joe Biden to Kamala Harris. Technology stocks were negative for the month, while small capitalisation stocks had strong returns, as investors rotated out of large Technology stocks into smaller companies during the month.

Japanese equities were negative in July, impacted by appreciation in the Yen as the Bank of Japan (BOJ) increased interest rates again. UK equities were positive in July, supported by economic data suggesting improving economic conditions, while European equities were broadly flat. Australian equities generated positive returns, although the Resources sector experienced losses, with commodity prices falling on concerns about global economic growth.

Emerging market equities produced a positive return. Chinese equities again had losses as ongoing economic weakness dragged on returns, and Taiwan equities fell with Technology stocks. However, losses were offset by strong positive returns for India, Brazil and South Africa.

The US Federal Reserve left rates unchanged at its July meeting. However, comments by Fed Chairman Jerome Powell, along with the negative surprises from economic data, increased market sentiment of near-term rate cuts. The Bank of England cut rates for the first time on 1 August, while the European Central Bank kept rates on hold, after cutting rates for the first time last month. The BOJ is moving in the opposite direction, tightening monetary policy further. While in Australia, relatively flat inflation data was released,

supporting sentiment the RBA is unlikely to hike rates further.

With increased market expectations of the US Fed cutting rates, government bond yields decreased around the world, except in Japan where they were flat, generating positive returns for Australian and global fixed interest indices.

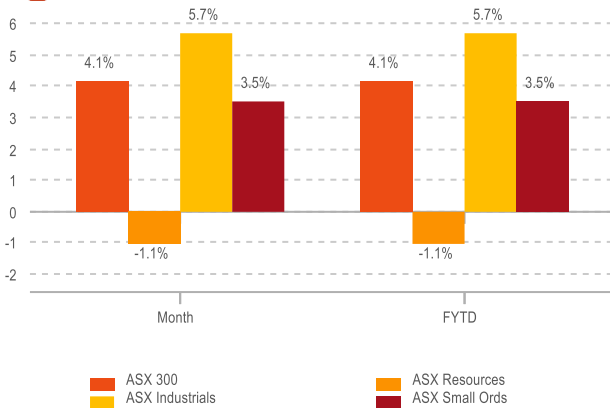
The Australian dollar depreciated against major currencies. The Japanese Yen had particularly sharp appreciation, driven by the BOJ increasing rates again. This drove the unwinding of 'carry-trade' positions, where investors borrowing at Japan's low interest rates and investing in higher yielding markets, reversed positions.

Listed property and infrastructure both had positive returns benefiting from the decrease in bond yields.

July 2024



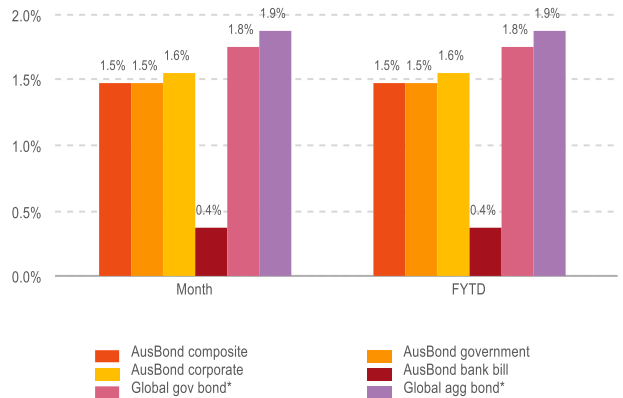
Australian equities



Source: LSEG Datastream



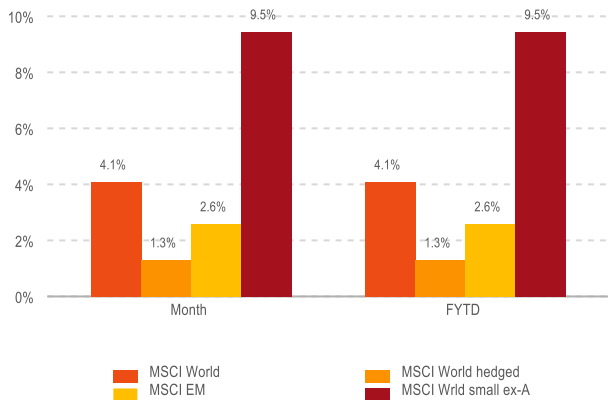
Fixed income



Source: LSEG Datastream



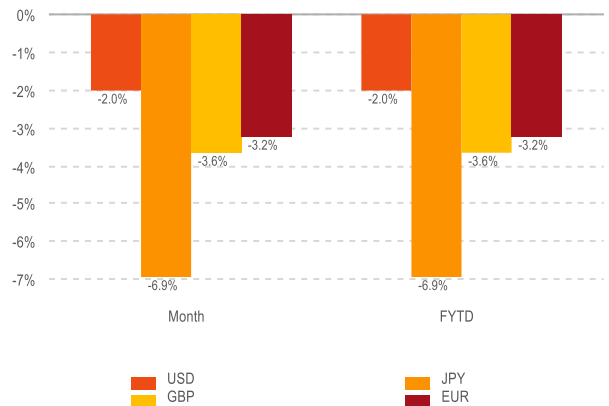
International equities (\$A)



Source: LSEG Datastream



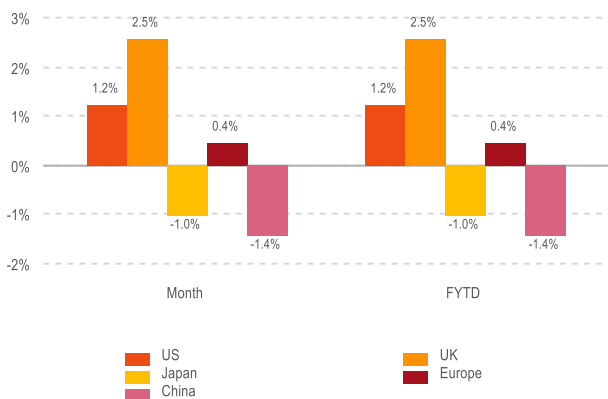
Australian dollar



Source: LSEG Datastream



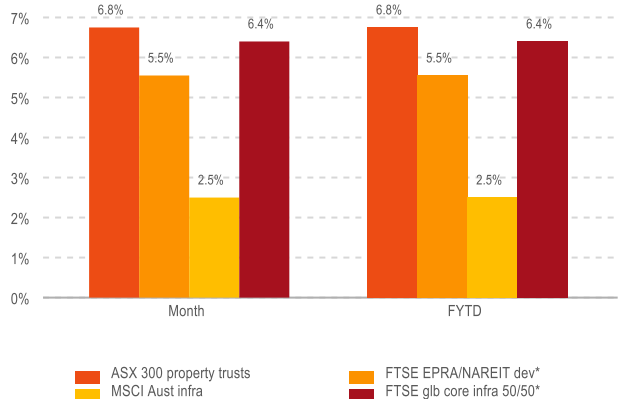
International equities



Source: LSEG Datastream



Real assets



Source: LSEG Datastream *Hedged A\$



Frontier Level 17, 130 Lonsdale Street
Melbourne, Victoria 3000
Tel: +61 3 8648 4300

www.frontieradvisors.com.au
[@frontier_adv](https://twitter.com/frontier_adv)

Frontier does not warrant the accuracy of any information or projections in this paper and does not undertake to publish any new information that may become available. While this information is believed to be reliable, no responsibility for errors or omissions is accepted by Frontier or any director or employee of the company. The advice in this paper does not take into account investors' particular objectives, financial situation or needs. Investors should consider the appropriateness of the contents of this paper in light of these matters and seek individual advice prior to taking action on any of the issues raised in this paper or making any investment decisions. Investors should obtain and read the applicable Product Disclosure or Information Statement before making a decision on acquiring any financial products. Frontier Advisors Pty Ltd does not provide taxation advice and investors should seek their own independent taxation advice from a registered tax agent.

ACN 074 287 406 AFS Licence No. 241266

© Frontier Advisors