TURICUM PRIVATE BANK

March 2024

Global Market Focus Monthly

Editors

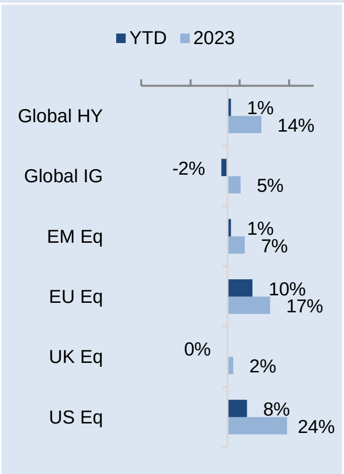
Michael Cuby
Chief Investment Officer

Malcolm White
Senior Portfolio Manager

Bruno de Greysier
Portfolio Manager

Wessel Marquering
Investment Strategist

Asset Class Return



Headlines

- Monetary and fiscal policy should work hand in hand but the Federal Reserve gives the US government a slap on the wrist.
- The Eurozone economy continues to tread water, hindered by its high unemployment rate.
- Despite falling into a technical recession at the end of last year, the UK may resume its growth path in 2024.
- Gold recovers its shine and reaches an all-time high.

Market Watch

	Level	YTD	1 month	5 days	Div. Yield	Volatility	P/E
S&P 500	5,149	7.96%	2.87%	0.62%	1.38%	11.69	24.68
Nasdaq 100	17,985	6.89%	1.69%	0.19%	0.84%	17.77	33.23
Dow Jones	38,790	2.92%	0.42%	0.05%	1.86%	8.13	22.25
FTSE 100	7,723	-0.14%	-0.08%	-0.33%	4.00%	8.76	11.66
Eurostoxx 50	4,983	10.20%	4.61%	-0.01%	2.88%	9.20	14.75
DAX	17,933	7.05%	4.92%	-0.18%	3.02%	8.11	14.77
CAC 40	8,148	8.02%	4.89%	0.75%	2.76%	7.65	14.61
SMI	11,624	4.36%	1.98%	-1.18%	3.08%	7.86	18.98
Nikkei 225	40,004	19.54%	3.99%	3.11%	1.59%	18.00	28.42
Hang Seng	16,551	-2.91%	2.44%	-3.18%	4.26%	23.67	8.77
CSI 300	3,578	4.27%	5.11%	-0.55%	2.67%	16.48	13.13
WTI Crude Oil	82.51	15.16%	4.19%	6.38%			
Gold	2,154	4.40%	6.76%				
Bitcoin	64,407	51.52%	24.08%				
GBP / EUR	1.17	-1.43%	-0.14%				
GBP / USD	1.27	-0.25%	0.83%				
GBP / CHF	1.13	-5.12%	-1.59%				

	Base Rate	1 mth	12 mth
GBP	5.25%	5.20%	4.98%
EUR	4.50%	3.86%	3.71%
USD	5.50%	5.33%	5.08%
CHF	1.75%	1.65%	1.85%

As at 18/03/24

"Even if inflation comes down, prices will stop at much higher levels. The simple answer is there is just too much government spending" 15/03/2024, Former Treasury Secretary, Steve Mnuchin on Biden's Budget.

FOLLOW US ON

TURICUM PRIVATE BANK

March 2024

Global Market Focus Monthly

United States

Europe

United Kingdom

Emerging Markets

US Inflation: The February 2024 US Consumer Price Index (CPI) remains higher than desired, rising 0.4% Month-on-Month (MoM), pushing Year-on-Year (YoY) CPI to 3.2%, up from 3.1% in January.

FED: Official US interest rates stand at 5.25% / 5.50%, with the Federal Reserve's Federal Open Market Committee (FOMC) meeting next on March 20th.

US Debt: The US national debt now stands at a record $34.5 trillion, representing 126% of 2023 Gross Domestic Product (GDP), which stood at $27.4 trillion. With a current average interest rate of 3.15%, this represents an annual interest charge of approximately $1 trillion per year. For comparison purposes, the US has budgeted $842bn on defence spend in 2024. Standard & Poor and Fitch, two of the big three credit rating agencies, have already downgraded the USA's long-term credit rating from AAA to AA+. Only Moody's has maintained its AAA credit rating but lowered its outlook from "stable" to "negative" last November. Federal Reserve Chairman Jerome Powell recently stated that: *"The U.S. federal government is on an unsustainable fiscal path"* and implored elected officials to engage in "*an adult conversation*" to put the federal government back on a sustainable fiscal path.

US Data: The revised US GDP growth figure for the fourth quarter of 2023 was reduced slightly from 3.3% to 3.2% but nevertheless remains strong. The US labour market is also holding up well, with the unemployment rate at 3.9%. Ironically, the FED is banking on tepid job growth so as to limit wage growth inflation. The current level strikes a perfect balance enabling the economy to grow but not overheat.

Earnings: For Q1 2024, the estimated YoY earnings growth rate for the S&P 500 is 3.4%, as per FactSet's latest Earnings Insight. The 12-month forward price/earnings ratio for the S&P 500 now stands at 20.7 times, a figure above both the 5-year average (19.0) and the 10-year average (17.7). Despite the US stock market indices reaching all-time highs, these valuations don't suggest that we are in a bubble, but US equity investors would be wise to review their exposure and exercise prudence.

Eurozone Inflation: Eurozone YoY CPI and YoY Core CPI (excluding food & energy prices) both fell 20 basis points in February to 2.6% and 3.1% respectively.

ECB: The European Central Bank kept its Deposit Facility rate at 4.00%, as widely expected.

Eurozone Data: With Q4 GDP growth of 0.0%, the Eurozone is faltering and on the edge of recession.

UK Inflation: The February 2024 inflation figures for the UK will be published on 20th March, with the market currently forecasting YoY CPI of 3.5%, down from 4.0% in January.

BOE: UK base rates have remained at 5.25% since August 2023 and are not expected to be altered at the next rate-setting meeting due to take place on 21st March.

UK Data: The UK is currently in a technical recession; this may, however, prove to be short-lived given that MoM GDP in January 2024 showed a positive, albeit small, increase of 0.2%.

Japan: A positive outcome in the wages dispute enabled the Bank of Japan to abandon its negative interest rate strategy and hike rates by 20 basis points to 0.1%.

China: Beijing announced an ambitious target of 5% GDP growth in 2024 but analysts remain sceptical as real estate investments declined 9% and unemployment increased to 5.3% in February.

India: India continues to see large foreign capital inflows while markets remain volatile ahead of the forthcoming elections. Fitch raised its forecast of India's GDP growth to 7.8% in 2024 and 7% in 2025.

Oil: Attacks in the Red Sea continue to disrupt global oil supplies while OPEC members have reiterated their desire to cut output by 1.7 million barrels per day by the end of June.

Crypto: El Salvador could become financially independent thanks to its large Bitcoin holding.

March 2024

Global Market Focus Monthly

View	Equities	View	Fixed Income

United States

Equities: The S&P 500 and Nasdaq have reached all-time highs on the back of strong growth in technology and pharmaceutical companies. The valuation multiples are above their long-term averages but do not suggest we are in a bubble. We remain neutral.

Fixed Income: The central bank's battle against inflation has not yet been won. There was a recent uptick in US inflation, which has changed the expected timetable for the first rate cut. Markets now expect a US rate cut in June. We remain overweight and we continue to prefer investment-grade credit over high yield debt.

Europe

Equities: We also remain neutral on European equities. Profit growth may be weaker than its US counterparts, but valuation multiples of European companies are more compelling.

Fixed Income: Conditions in Europe remain favourable in the fixed income space. In the eurozone, inflation fell from 2.8% to 2.6%, but the European Central Bank's governing council is making no forecasts for the first rate cut. We remain overweight.

United Kingdom

Equities: The UK equity market can now be classified overall as a value play given its high dividend yield and low valuation multiple. On the downside, average sales and profit growth is nothing to write home about. We remain neutral.

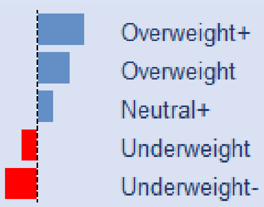
Fixed Income: The UK economy will likely be sluggish for the rest of the year. The Bank of England kept interest rates steady at 5.25%. Inflation is moderating, but policymakers will remain cautious with lowering rates until inflation is back around the 2% target. We remain overweight.

Emerging Markets

Equities: We remain underweight in Emerging Market Equities. Recent gains in India have been at the expense of the Chinese equity market which is reeling from the fall out in the real estate sector and its impacts on employment and banks.

Fixed Income: Geopolitical issues pose a significant downside risk on investments in China and other emerging markets. We remain underweight and avoid emerging market debt.

Other Markets



Gold: Central bank purchases of the yellow metal have pushed up its price.

Oil: Oil prices rose on the back of planned OPEC production cuts.

GBP/EUR: GBP/EUR have largely moved in lockstep over the month.

EUR/USD: The Euro's rise reversed as USD rate cut expectations were pushed back.