

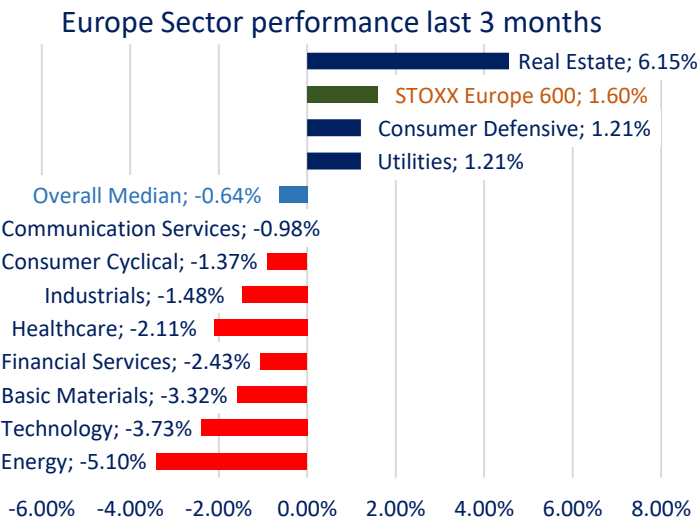
Rate Cuts and Resilience: U.S. and European Equity Markets in Q3 2024

Q3 2024 presented a mixed but eventful quarter for both European and U.S. equity markets, with significant monetary policy interventions and sector-specific performance patterns. In both regions, interest rate cuts were the key drivers of market activity, as central banks moved to counter economic challenges. While the U.S. market maintained its upward momentum, Europe saw more subdued growth due to lingering economic pressures, particularly in manufacturing.

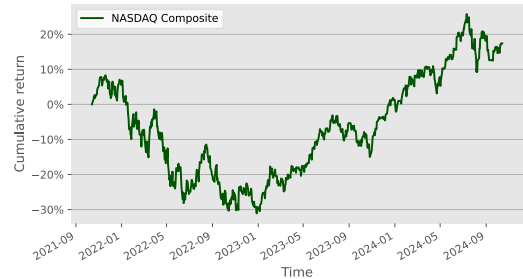
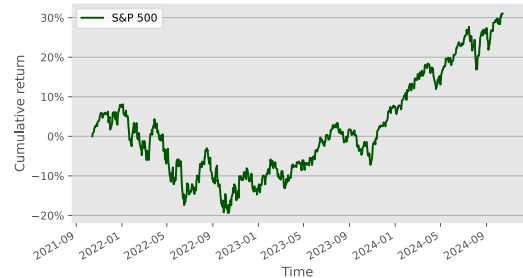
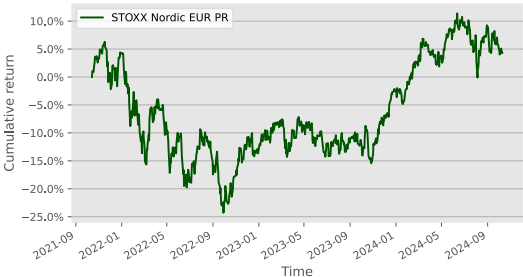
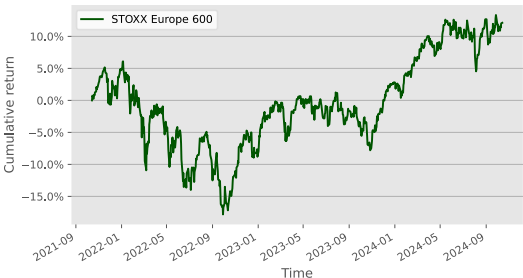
Monetary Policy:

**Europe:** The European Central Bank (ECB) implemented its second rate cut of 2024, lowering rates to 3.65% in September, while the Bank of England also reduced rates by 25 basis points in August. These moves aimed to support weakening economies across the region, though inflation proved more persistent than anticipated. The rate cuts provided some relief to equities, but economic growth remained sluggish.

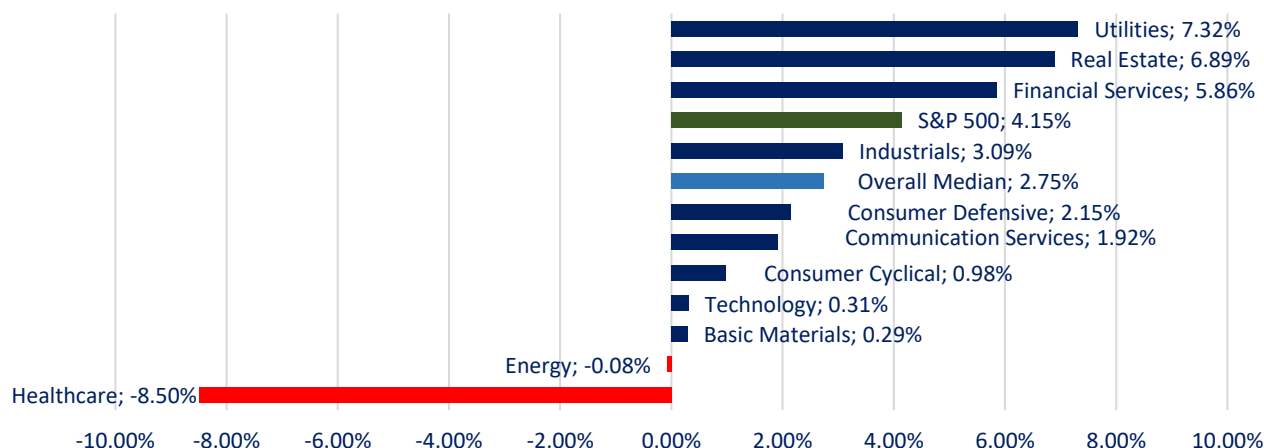
**U.S.:** In the U.S., the Federal Reserve made a more aggressive move, cutting interest rates by 50 basis points in September. This was part of an anticipated easing cycle, initiated in response to weaker labor market data and concerns about a potential economic slowdown. The cut helped restore market confidence, allowing the S&P 500 to reach record highs by the end of the quarter.



Market Activity



## US Sector Performance last 3 months



## Sector Performance:

### Europe:

**Financials:** Banks and insurance companies performed well, driven by strong earnings and wider interest margins.

**Energy:** This sector struggled, with oil prices falling by 17%, impacting performance.

**Utilities and Telecoms:** These sectors were considered undervalued, with utilities benefitting from falling interest rates and telecom companies improving their cost controls.

### U.S.:

**Utilities:** The top-performing sector in Q3, utilities benefitted from stable demand and favorable pricing.

**Real Estate:** After a weak first half, the real estate sector bounced back strongly, supported by improving investor sentiment.

**Industrials:** This sector rebounded from a difficult second quarter, with growth led by aerospace and defense.

**Technology:** Although flat in Q3, technology remained strong year-to-date, up 17.9%, driven by major players like Apple and Microsoft.

**Energy:** In the U.S. as well, the energy sector was the only underperformer, weighed down by declining oil prices.

## Outlook:

Both regions face a cautious but optimistic outlook as they head into the final quarter of 2024.

**Europe:** The market outlook is cautiously optimistic, with further rate cuts potentially supporting defensive sectors like utilities and telecoms. However, ongoing political risks, trade frictions with China, and volatility could continue to affect performance.

**U.S.:** The U.S. market is expected to continue benefiting from rate cuts and inflation cooling. Sectors such as utilities, real estate, and consumer staples are poised to maintain their upward trajectory, although ongoing volatility and global uncertainties could pose risks.

## Conclusion:

Q3 2024 was a period of stabilization and cautious optimism for both European and U.S. equity markets. While Europe faced more economic headwinds, especially in manufacturing, the U.S. enjoyed a stronger performance, driven by aggressive monetary easing and sector-specific resilience. Both markets will likely continue to rely on central bank support and improving global conditions to navigate ongoing uncertainties.

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