

# Monthly Market Commentary

September 2024



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Wealthcare

## Federal Reserve poised for policy shift

As the Federal Reserve approaches its September meeting, policymakers are preparing to initiate an easing cycle in response to moderating economic growth and inflation.

Recent economic reports have painted a picture of decelerating growth. The manufacturing sector continues to struggle, while consumer spending has shown signs of moderation. Most notably, a weaker-than-expected U.S. jobs report has raised concerns about the labour market's momentum, previously a pillar of economic strength.

Inflation, once a significant concern, has moderated to 2.5%, approaching the Federal Reserve's target range. This cooling in price pressures, combined with signs of economic softening, has paved the way for the Fed to ease its monetary stance.

Market expectations have coalesced around a 0.25% rate cut at the Fed's September meeting, though some analysts advocate for a more aggressive 0.50% reduction.

Elsewhere, the Bank of England and the European Central Bank are also likely to cut interest rates in the coming months, providing much needed support for their respective economies.

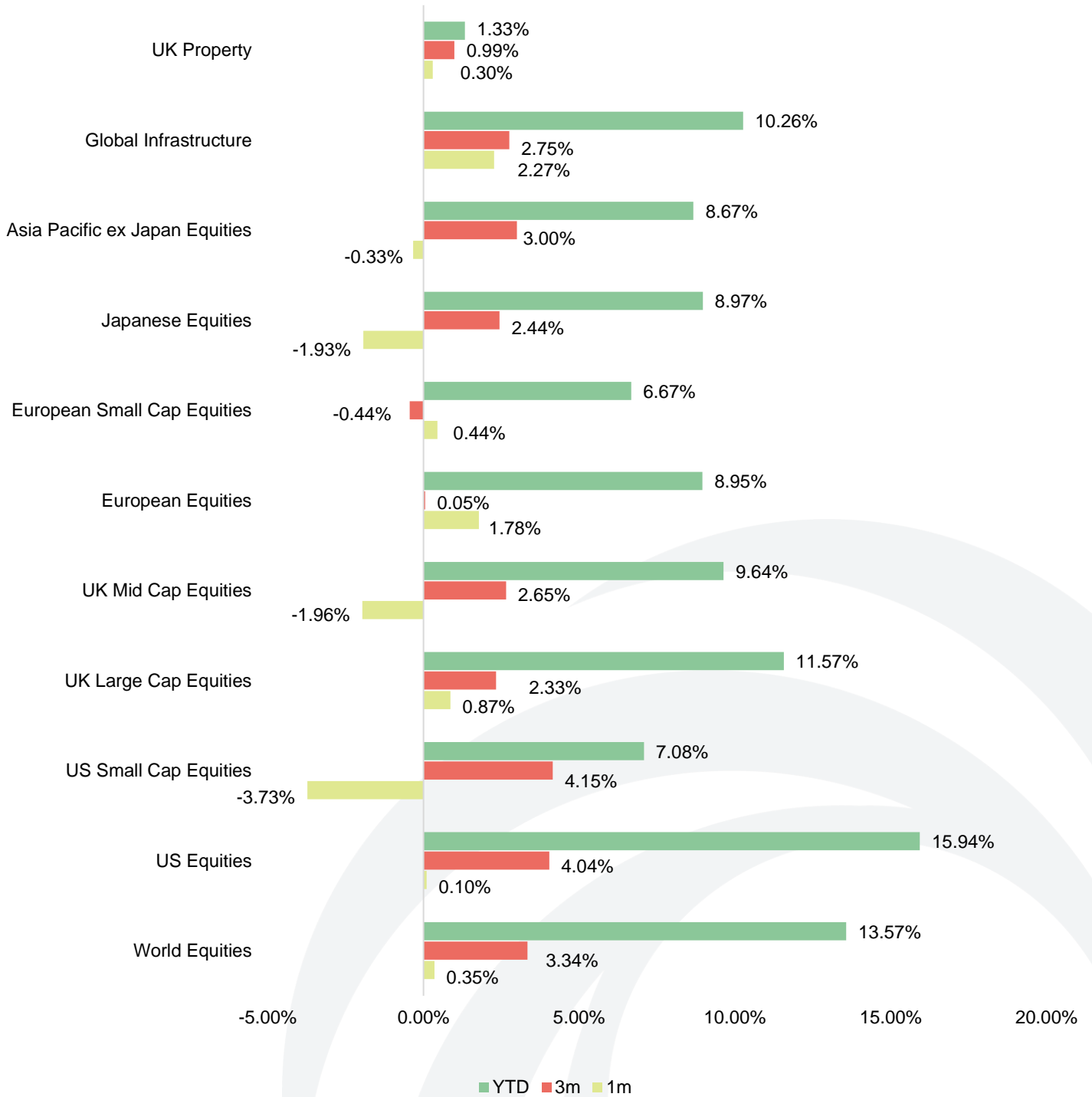
Financial markets have shown resilience despite increased volatility. Government bond yields have fallen, reflecting expectations of rate cuts and highlighting the crucial role of fixed income in providing a ballast to multi-asset portfolios. Increased volatility emphasises the importance of diversification and data-driven portfolio management. Maintaining exposure to a broad set of factors within equities alongside bond allocations can help mitigate risks associated with economic weakness.

While economic deceleration signs have increased, there are reasons for cautious optimism. Moderating inflation provides the Fed with latitude to support growth. Company earnings have improved over the last three quarters helped by margin stability and resilient revenues. The strength of corporate earnings underpins broader economic and market resilience.

By maintaining a disciplined approach, utilising bonds for stability and maintaining a diversified exposure to equities investors can build resilient portfolios capable of weathering volatility while positioning for long-term growth.

**Asset Class Performance:**

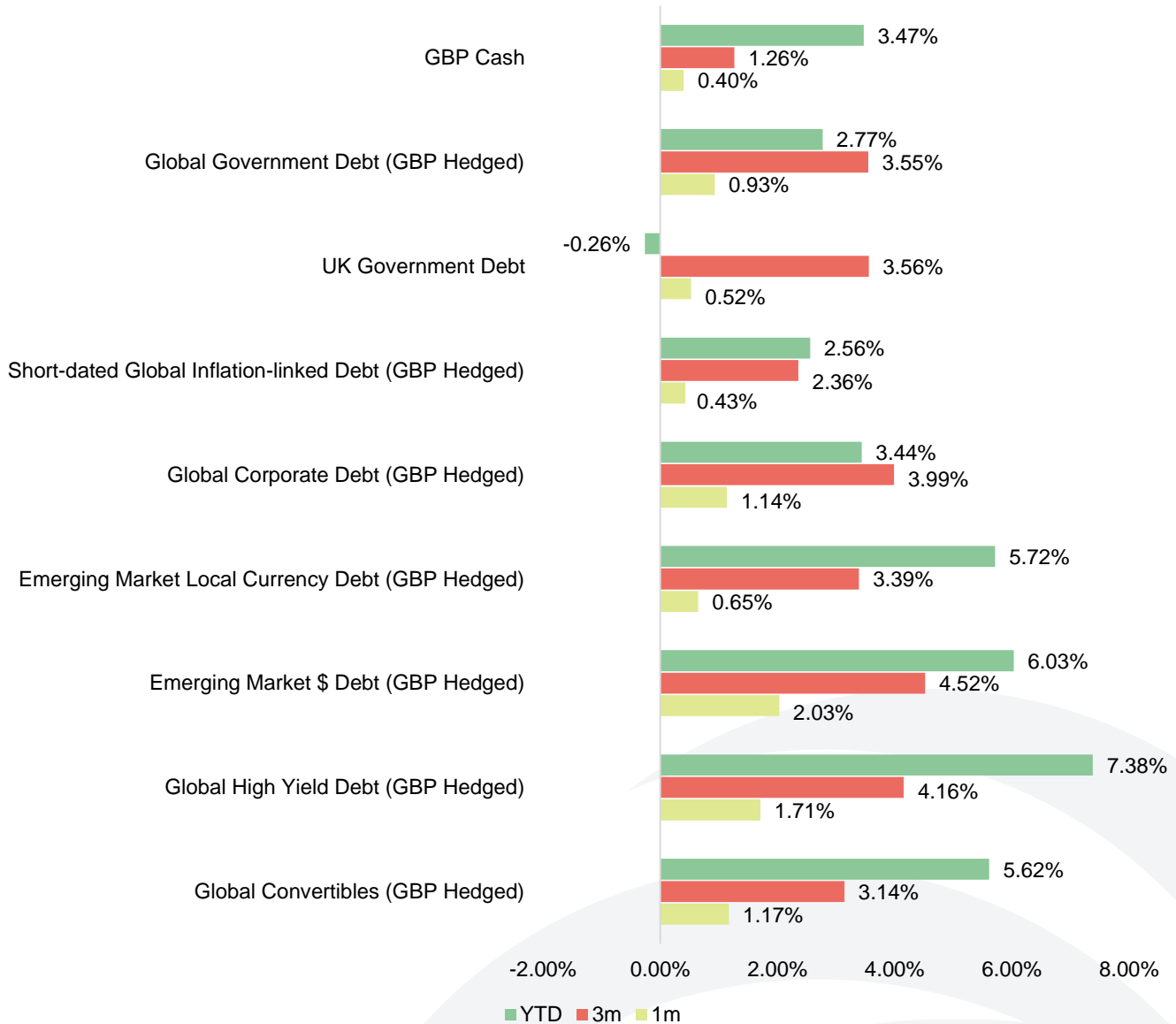
**Equities & Property**



Source: FactSet – 31.08.2024

**Past performance is not a guide to future performance**

## Bonds & Cash



Source: FactSet – 31.08.2024

### Past performance is not a guide to future performance

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