

# Monthly Market Commentary

June 2024



dodd&co

[doddwealthcare.co.uk](https://doddwealthcare.co.uk)

Wealthcare

## **The election is on, but markets have barely noticed**

The UK general election may matter a great deal to voters but to the markets it has had very little impact indeed. This relaxed response reflects the fact that both major political parties have promised continuity for business and the fact that ultimately it is the broad economic factors which drive stock markets not the actions of our transient politicians.

The expectation of a smooth transition of power, regardless of the election outcome, has helped to maintain a sense of stability across British asset classes. Indeed the current market view is that conditions in the UK are gradually improving. The FTSE 100's flirtation with record highs in May and the pound's resilience underscore confidence in the economy's underlying fundamentals. Moreover, the robust earnings growth witnessed across various sectors, particularly in the mid-cap space, suggests that corporate Britain is weathering the inflationary headwinds with poise. As the political dust settles, investors are likely to focus on the incoming economic data and the Bank of England's policy signals to guide their asset allocation decisions.

## **Inflation moderates, but Bank of England remains vigilant**

While inflation in the UK remains above the Bank of England's target, the April consumer price index's deceleration to 2.3% offers a glimmer of hope that the worst of the price pressures may be in the rear view mirror. The stickiness in services inflation, which held steady at 5.9%, serves as a reminder that the path to price stability is rarely smooth. However, the central bank's resolute stance and the economy's underlying resilience suggest that a more benign inflationary environment could be on the horizon. This moderation in inflation, coupled with the potential for a growth-oriented agenda under a new government following the July snap election, could set the stage for a more conducive backdrop for businesses and investors alike.

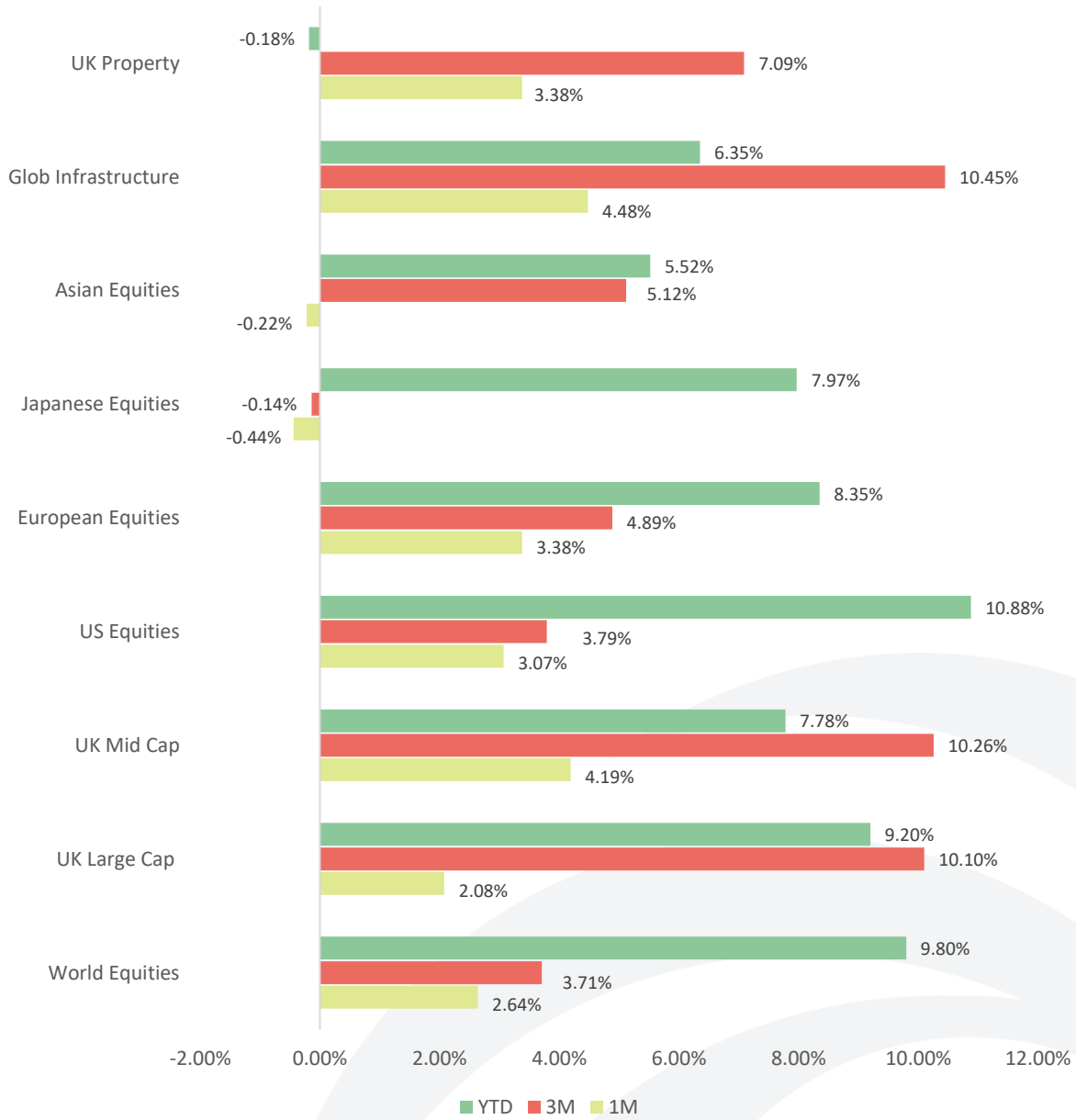
## **Investors embrace opportunities amidst challenges**

In navigating the current landscape, portfolio managers are adopting a balanced approach that seeks to capture opportunities while mitigating risks. While inflation and debt concerns persist, the strength in corporate earnings and the economy's surprising resilience offer a counterpoint. Defensive sectors and international diversification remain important tools for managing volatility, but investors are also finding compelling prospects in UK mid-cap stocks and European equities. In the fixed income space, active managers are adding value by identifying attractive credit opportunities while navigating the challenges posed by rising government bond supply. The key to successful portfolio construction in this environment lies in maintaining a long-term perspective while remaining agile enough to capitalize on short-term dislocations.

As investors look ahead, the moderation in inflation, the strength in corporate earnings, and the potential for a pro-growth agenda under a new government provide reasons for optimism. While challenges remain, the UK economy's underlying resilience and the market's ability to look beyond short-term noise suggest that opportunities abound for astute investors. By maintaining a diversified approach, focusing on fundamentals, and remaining attuned to the evolving economic landscape, investors can position their portfolios to benefit from the ongoing recovery in global growth.

## Asset Class Performance

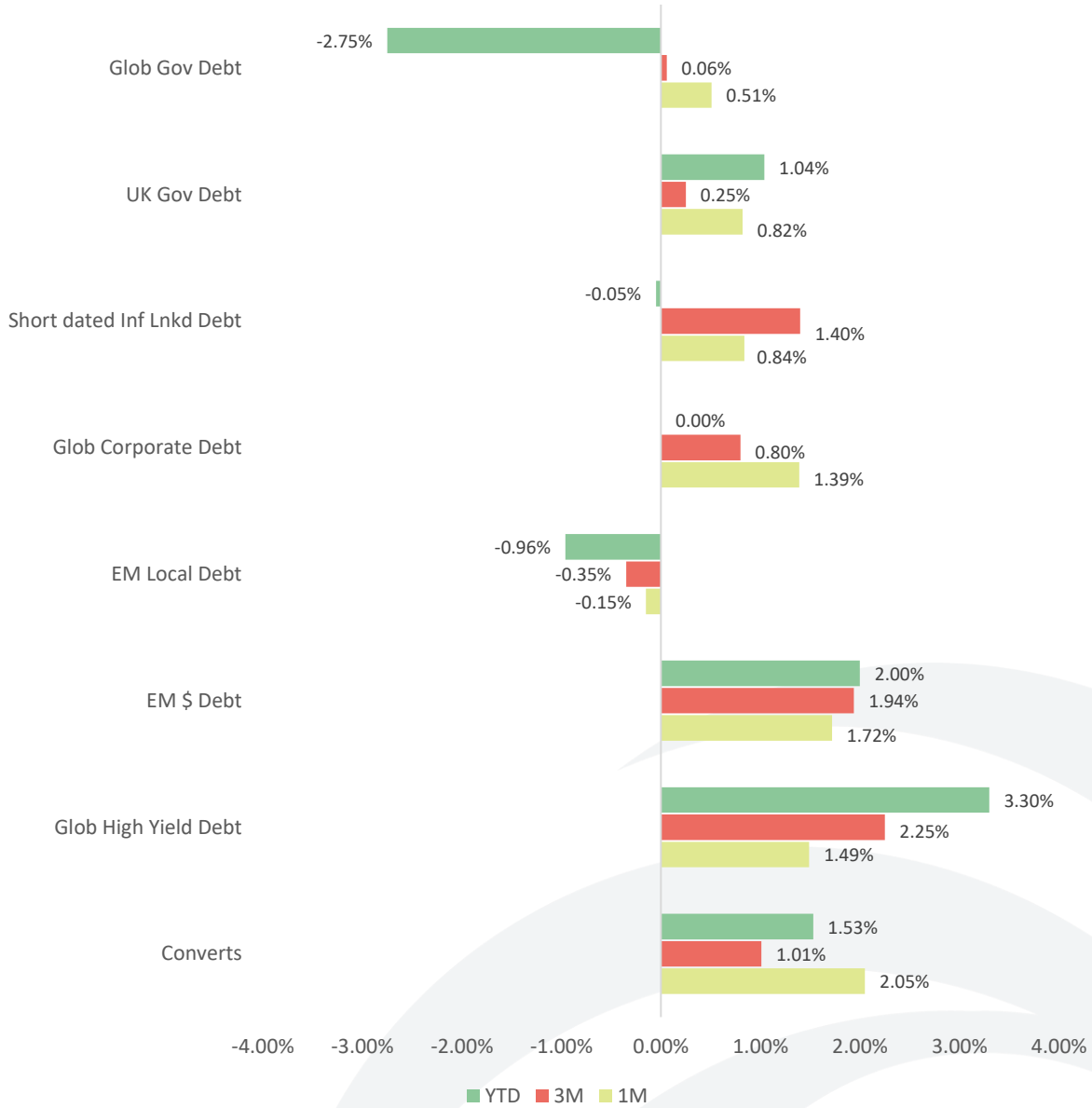
### Equities



Source: Bloomberg, 31.05.24

Past performance is not a guide to future performance

## Bonds



Source: Bloomberg, 31.05.24

Past performance is not a guide to future performance

© 2024 Dodd & Co Wealthcare All Rights Reserved. The content of this material is a marketing communication, and not independent investment research. As such, the legal and regulatory requirements in relation to independent investment research do not apply to this material and it is not subject to any prohibition on dealing ahead of its dissemination. The material is for general information purposes only (whether or not it states any opinions). It does not consider your personal circumstances or objectives. Nothing in this material is (or should be considered to be) legal, financial, investment or other advice on which reliance should be placed. No opinion given in the material constitutes a recommendation by Albemarle Street Partners or Dodd & Co Wealthcare that any particular investment, security, transaction, or investment strategy is suitable for any specific person. Although the information set out in this marketing communication is obtained from sources believed to be reliable, Albemarle Street Partners or Dodd & Co Wealthcare makes no guarantee as to its accuracy or completeness. Neither Albemarle Street Partners or Dodd & Co Wealthcare shall be responsible for any loss that you may incur, either directly or indirectly, arising from any investment based on any information contained herein. Albemarle Street Partners is a trading name of Atlantic House Investments Ltd (AHI). Issued by AHI who is authorised and regulated by the Financial Conduct Authority. Registered Office: 135 Bishopsgate, EC2M 3TP. Dodd & Co Wealthcare is a trading style of DW 2020 Limited. DW 2020 is authorised and regulated by the Financial Conduct Authority FRN 921450

