

# Current Update

June 2024



## Market Talking Points

- INFLATION:** CPI rate fell to 3.4% in the US (from 3.5%) to 2.0% in the UK (from 2.3%) and to 2.5% in the EU (from 2.6%). Core Inflation rates, those that excludes fuel and food are 3.4% in the US, 2.9% in the EU and 3.5% in the UK.
- CENTRAL BANK RATES:** In May interest rates were kept the same in the US (5.50%) and the UK (5.25%) but cut modestly at the ECB in early June (4.25%). In the FOMC news conference Fed Chairman Powell continued to roll back on the expectation of rate cuts
- BENCHMARK RATES:** Benchmark 10 Year interest rates decreased during June finishing at 4.39% in the US, 2.48% in Germany and 4.17% in the UK. The Japanese 10 year rate remained over 1% having breached this level in May for the first time since 2011. The bond market has lowered expectation of US rate cuts but is expecting earlier cuts from the ECB
- ECONOMIC GROWTH:** Annual Growth rates were low but positive in the first quarter within the US (+1.4%), the EU (+0.4%), Japan (+0.1%) and the UK (0.7%). The expected recession has failed to materialise as the 'soft landing' appears to continue to play out.
- ELECTIONS:** The Labour party widely expected to win the UK election comfortably. The surprise French election, and the success of the far right party combined with the uncertainty of Biden's position in the US have had more significant market effects globally

## Rivers Asset Index Data

Anchor	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.5%	3.1%	5.7%	2.9%	2.8%	-0.08	0.6%
High Grade Bond and Income	0.8%	-1.1%	3.4%	-1.5%	3.8%	0.29	6.5%
Low Risk Absolute Return	0.7%	4.2%	8.1%	3.7%	3.9%	0.20	6.2%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	1.1%	10.6%	15.6%	9.6%	9.3%	1.00	11.3%
Corporate, High Yield and Credit	1.1%	4.6%	10.2%	3.5%	6.7%	0.81	9.5%
Emerging Market Equity	4.5%	9.2%	10.7%	4.6%	9.7%	0.78	13.1%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	-0.8%	7.4%	4.3%	8.3%	3.7%	0.34	12.0%
Medium Volatility Absolute Return	0.9%	4.0%	8.0%	4.7%	4.4%	0.28	8.1%
Themes, Macro and Trend	-0.9%	6.7%	8.2%	7.7%	7.1%	0.22	10.9%
Real Estate	0.7%	-0.9%	1.8%	1.2%	6.1%	0.74	9.5%

\*Annualised returns above 1 year, as of 30/06/2024

## Current Portfolio Relative Risk Level

- On February 27th the Risk Committee maintained the Tactical Risk Level at underweight Level 2, out of 7, with an Enhancer asset underweight and valuation bias.
- Within Anchors short duration bonds and cash offer an attractive nominal yield. Within Enhancers recent concentrated technology stock gains appear unsustainable given prevailing uncertainty and persistent inflation.
- The strong rebound in returns during November and December went beyond expectations. With markets pricing in a soft landing and significant interest rate cuts the possibility of disappointment appears elevated
- Enhancer assets are primarily equity assets with a small percentage of credit
- Risk level 4 is the Neutral or Strategic asset allocation when valuations and risk are considered by the Risk Committee to be in equilibrium.
- Lower risk levels (below 4) indicate that Enhancer valuations are relatively unattractive given to prevailing macro risks. Higher risk levels indicate they are relatively attractive.

## Key Future Announcements

UK		Previous	Forecast
Friday July 05 2024	Halifax House Price Index YoY JUN	1.5%	2.5%
Wednesday July 10 2024	GDP MoM MAY	0.0%	0.1%
Wednesday July 17 2024	Inflation Rate YoY JUN	2.0%	2.0%
Thursday July 18 2024	Unemployment Rate MAY	4.4%	4.4%
Friday July 19 2024	Retail Sales MoM JUN	2.9%	0.5%
GLOBAL			
Wednesday July 10 2024	China Inflation Rate YoY JUN	0.3%	0.3%
Thursday July 11 2024	US Inflation Rate YoY JUN	3.3%	3.1%
Friday July 12 2024	Michigan Consumer Sentiment Prel JUL	68.2	-
Monday July 15 2024	China GDP Growth Rate YoY Q2	5.3%	5.0%
Wednesday July 31 2024	US Fed Interest Rate Decision	5.5%	5.5%

UK	30-Jun-24	31-Dec-23
FTSE 100	8,164.12	7,733
FTSE 100 % YTD	5.57%	
BoE Interest Rate	5.25%	5.25%
Inflation	2.00%	3.90%
Core Inflation	3.50%	5.10%
Govt, 10YR Yield	4.18%	3.54%
Currency	30-Jun-24	31-Dec-23
GBP/USD	1.26	1.27
GBP/EURO	1.18	1.15
EUR/USD	1.07	1.10
Commodity (\$)	30-Jun-24	31-Dec-23
Gold	2,326	2,071
Silver	29.13	24.02
Brent Crude Oil	81.54	71.33
Govt 10YR Bond	30-Jun-24	31-Dec-23
US	4.39	3.88
Japan (JGB)	1.05	0.63
Germany (Bund)	2.49	2.00
Italy (BTP)	4.08	3.70
Global Markets	30-Jun-24	31-Dec-23
Dow Jones	38,686	37,690
S&P 500	5,278	4,770
Nasdaq 100	16,739	15,011
Dax	18,498	16,751
CAC	7,993	7,543
Nikkei 225	38,488	33,464
Shanghai	3,087	2,975
Sensex	73,961	72,240
Nifty 50	22,531	21,731

## Rivers Contacts

Richard Bonnor-Morris  
rbm@riverscm.com

Eduardo Tomacelli  
etomacelli@riverscm.com

Najib El-Rayyes  
ner@riverscm.com

## Rivers Capital Management

Tel. +44 (0)20 3383 0180

Email. info@riverscm.com

For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

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