

Current Update

September 2024



Market Talking Points

- INFLATION:** CPI rate fell to 2.3% in the US (from 2.9%) and to 1.8% in the EU (from 2.2%) but rose to 2.2% in the UK (from 2.0%). Core Inflation rates, those that excludes fuel and food are 3.2% in the US, 2.7% in the EU and 3.6% in the UK.
- CENTRAL BANK RATES:** In September interest rates were cut by 0.5% in the US (5.00%) and by the ECB (3.65%) but were remained the same in the UK (5.0%) and in Japan (0.25%). Central banks, outside Japan all indicated the increased chance of further reductions this year
- BENCHMARK RATES:** Benchmark 10 Year interest rates decreased during September finishing at 3.79% in the US, 2.13% in Germany and 4.01% in the UK. The Japanese 10 yr rate fell below 1% despite the BoJ raising rates, Yen strength and increased equity volatility
- ECONOMIC GROWTH:** Annual Growth rates were positive in the second quarter within the US (+3.0%), the EU (+0.6%), and the UK (0.7%) but returned to negative in Japan (-1.0%) The expected recession has failed to materialise but indications of a US and global slowdown have increased.
- MIDDLE EAST:** Tensions between Israel and its neighbours increased significantly during September. With direct attacks between Iran and Israel the situation could escalate rapidly. Beyond the humanitarian crisis the upward pressure on oil prices could affect inflation materially.

Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.5%	3.1%	5.7%	3.1%	2.8%	-0.08	0.6%
High Grade Bond and Income	0.6%	2.2%	8.5%	-1.7%	3.7%	0.29	6.3%
Low Risk Absolute Return	-0.7%	-1.1%	0.2%	2.6%	3.7%	0.20	6.1%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	-0.2%	4.3%	20.2%	9.3%	9.3%	1.00	11.2%
Corporate, High Yield and Credit	1.3%	5.4%	18.4%	4.1%	6.6%	0.82	9.5%
Emerging Market Equity	3.6%	7.1%	18.8%	5.3%	9.4%	0.78	13.0%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	2.9%	0.5%	-3.5%	7.1%	3.3%	0.33	12.1%
Medium Volatility Absolute Return	-1.0%	-3.5%	-2.4%	3.0%	4.2%	0.28	7.9%
Themes, Macro and Trend	-0.4%	-7.9%	-4.9%	5.0%	6.7%	0.21	10.6%
Real Estate	0.6%	5.6%	13.1%	1.4%	6.1%	0.75	9.6%

*Annualised returns above 1 year, as of 30/09/2024

Current Portfolio Relative Risk Level

- On August 13th 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 slowing growth.
- The strong rebound in the first half of 2024 is welcomed but 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 October 11 2024	GDP MoM AUG	0.0%	0.2%
Tuesday October 15 2024	Unemployment Rate	4.1%	4.6%
Wednesday Oct 16 2024	Inflation Rate YoY SEP	2.2%	2.2%
Friday October 18 2024	Retail Sales MoM SEP	5.0%	4.75%
Friday October 25 2024	Gfk Consumer Confidence OCT		
GLOBAL			
Thursday October 10 2024	US Inflation Rate YoY Sept	2.5%	2.3%
Friday October 18 2024	JP Inflation Rate YoY SEP	3.0%	2.7%
Friday October 25 2024	Durable Goods Orders MoM SEP	0.0%	0.9%
Thursday Oct 31 2024	BoJ Interest Rate Decision	0.25%	0.25
Thursday Oct 31 2024	Core PCE Price Index MoM SEP	0.1%	-0.1%

UK	30-Sep-24	31-Dec-23
FTSE 100	8,236.95	7,733
FTSE 100 % YTD	6.51%	
BoE Interest Rate	5.00%	5.25%
Inflation	2.20%	3.90%
Core Inflation	3.60%	5.10%
Govt, 10YR Yield	4.01%	3.54%
Currency	30-Sep-24	31-Dec-23
GBP/USD	1.34	1.27
GBP/EURO	1.20	1.15
EUR/USD	1.11	1.10
Commodity (\$)	30-Sep-24	31-Dec-23
Gold	2,636	2,071
Silver	31.24	24.02
Brent Crude Oil	68.17	71.33
Govt 10YR Bond	30-Sep-24	31-Dec-23
US	3.79	3.88
Japan (JGB)	0.86	0.63
Germany (Bund)	2.13	2.00
Italy (BTP)	3.47	3.70
Global Markets	30-Sep-24	31-Dec-23
Dow Jones	42,330	37,690
S&P 500	5,762	4,770
Nasdaq 100	19,325	15,011
Dax	7,636	16,751
CAC	37,920	7,543
Nikkei 225	3,336	33,464
Shanghai	84,300	2,975
Sensex	25,811	72,240
Nifty 50	24,011	21,731

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