

The big headlines

Quarter 2 2024

General Election (UK)

Despite historical volatile market performance surrounding UK elections, this election season the UK markets appear to be less impacted. None of the major parties promised a radical departure from existing economic policy. Likewise, Brexit is no longer a major unknown. Now that the Labour party have won the public vote, we will continue to monitor how the markets will be impacted by this.



Europe's Historic Pivot

Amidst the euphoria of the Euros, one of the most iconic moments in European football was when Germany first won the European trophy. In June the European Central Bank delivered a policy 'turn' of similar historic significance, by deciding to cut interest rates to 3.75%, for the first time since 2019. Which for many signifies a milestone in the fight against price surges. Although, future reductions to interest rates could depend on the price of goods reducing further.

Earnings Momentum

A spotlight on Adobe's strong Q2 earnings, their revenue scores exceeded expectations, earning US\$5.31 billion in Q2 2024, continuing the momentum of strong-performing tech stocks. Adobe's strategy reflects a commitment to innovation and development, with a focus on artificial intelligence to enhance its product offerings, resulting in a strong customer adoption.



Inflation

In May the rate of inflation in the UK hit the Bank of England's 2% target. A positive outlook for the UK economy after the biggest increase in inflation in over a decade. As low inflation has historically been linked to higher consumer spending and confidence, this could improve profit margins and dividends.

Interest Rates

Despite inflation returning to target, The Bank of England kept interest rates steady at 5.25%. With the hopes that evidence will indicate that inflation will stay low before they consider cutting interest rates.



Investment risks: The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

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