

Review

- **Global equities (shares) were broadly higher in July**, with developed markets performing more strongly than emerging markets.
- Company shares considered good value based on measures such as current earnings generally performed more strongly than company shares assessed on their future growth potential.
- **Government bond prices rose overall** as inflation fell.

Company shares

- **UK equities rose.** Companies involved in financial services and consumer goods performed relatively strongly, as did industrials companies engaged in the manufacture of machinery, equipment and supplies. Conversely, large companies involved in extracting, refining or supplying consumable fuels performed relatively weakly, as did those engaged in the discovery, development and processing of raw materials.
- **US equities rose** despite a sell-off of some huge technology companies. Companies in financial services, real estate, and those utilities providing basic amenities such as electricity, gas and water, performed particularly strongly overall.
- **Eurozone shares edged higher**, with general rises for healthcare, utilities and industrials companies. There were overall falls for companies involved in non-essential consumer goods and information technology.
- **Japanese equities made slightly negative returns** in yen terms. Smaller companies performed relatively strongly.
- **Asian equities (excluding Japan) were almost unchanged.** Thailand, Malaysia and the Philippines were the best-performing markets in the MSCI AC Asia (excluding Japan) Index. Taiwan was badly hit by the sell-off in technology stocks towards the end of the month.
- **Emerging market equities rose** in US dollar terms but lagged developed markets. China and Taiwan performed relatively poorly.

Bonds

- Government bond prices rose in all main markets, propelled by expected interest rate cuts as inflation pressures eased.
- European corporate bond prices rose more strongly than government bonds while US corporate bonds prices performed in line with US government bonds. Riskier high yield corporate bonds rose on the prospect of lower interest rates.

Commodities





The Bloomberg Commodity index, a benchmark for investment in global commodities, fell in July. Natural gas and oil prices fell while industrial metals and agriculture performed particularly weakly.




Outlook

We retain our positive overall stance on equities, as we expect good company earnings growth in the US. But we are more cautious on European equities due to political uncertainty. We have a cautious view of corporate bonds amid political uncertainty in the US and Europe. But we note that default rates on riskier high yield US bonds appear to have peaked.

Asset overview

Our general view of assets in the coming months is summarised as follows. These are our in-house views as at the end of July 2024.

Equities		Positive economic data and our expectation that US central bank the Federal Reserve will cut interest rates in the autumn mean we maintain our positive view on equities.
Government bonds		We remain neutral overall despite our cautious stance on US government bonds and our concerns about political uncertainty in France.
Corporate bonds		We have a cautious view: corporate bond valuations look relatively high and political uncertainty remains a concern.
Commodities		We have a positive stance, due to our positive view of gold. Regarding industrial metals, economic data suggests the manufacturing recovery is continuing, which should support their prices, but there has been falling demand for metals in China.

Legend	
	Positive outlook
	Negative outlook
	Neutral outlook

Source: Schroder Investment Management and Schroders Personal Wealth, 5 August 2024

Important information

Forecasts of future performance are not a reliable guide to actual results, neither is past performance a reliable indicator of future results. The value of investments and the income from them can fall as well as rise and are not guaranteed, and the investor might not get back their initial investment.

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