Quant & Partners
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BY THE MIDDLE OF THE YEAR, WE BEGIN TO DRAW SOME CONCLUSIONS

Inflation is slowly receding.
At the end of May in the United States the increase in consumer prices stood at 4.05%, while in the Eurozone at 6.1%. Nonetheless, the target set by the Fed (2%) will still take some time to be achieved.
The US economy's growth is slowing down, but without any drama.
In fact, according to the latest data, the American GDP has reached the 2% in the first quarter of the year, higher than the 1.3% estimated previously.
This is a further proof that, at least the United States, will be able to avoid a real recession and are likely to experience the "soft landing" scenario advocated by the Federal Reserve, which, in fact, is showing the first signs of pausing in raising interest rates.

In this complex and unusual context, considering recent decades, the stock market has proved to be much stronger in the first six months of the year than could have been imagined at the beginning of 2023.

Can we say that we have been through the worst after three years of permanent crisis?

Not really, at least according to the experts. The events of recent years have been acute and left economic, financial and geopolitical repercussions.
The consequences of dynamics that are unlikely to be repeated in this century are difficult to estimate, both in impact and in duration.

The global economy is only now emerging from a period of massive fiscal and monetary policy interventions.
In the coming months, precisely because of this trend reversal, the financial markets will almost certainly experience a period of greater volatility.

Furthermore, economic and financial aftershocks will be inevitable. The latter will be felt (and already are) in an economic slowdown and, perhaps, in a "formal recession", as the result of uncertainty, of weak corporate earnings, of labor market first cracks and, probably, of frothy investor sentiment.

How to act?

In this post-policy era, specialists advise investors to focus on quality bonds, preferring a resilient and cautious approach to equity investments, to value AI stocks well, because they could hide a bubble and to continue to favor cash, especially US dollars.

Quant & Partners Ltd

60 Halkett Place, St. Helier, Jersey JE2 4WG, +44 1534 734503
1 Knightsbridge Green, London SW1X 7NE, +44 20 3097 0280

info@quantandpartners.com
www.quantandpartners.com