

Chart of the Day

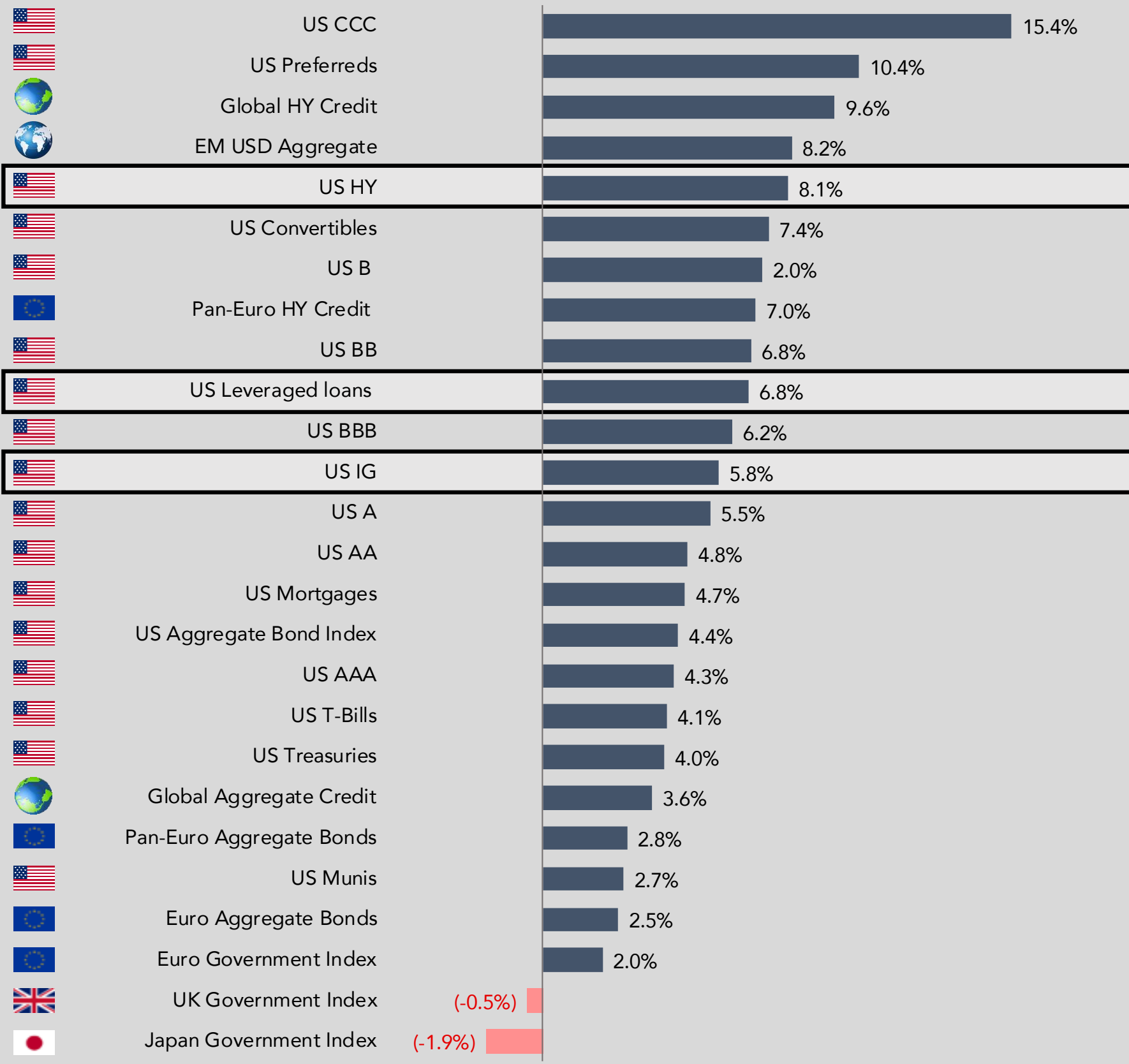
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Credit Markets Through the End of Q3, 2024

Declining inflation, policy easing, resilient economic data and constructive fundamentals all combined to create a “goldilocks” backdrop for credit in the first nine months of 2024. Investors enjoyed price appreciation and positive returns in credit in the first nine months of the year as UST yields move lower and spreads remain tight. Investor risk appetite returned to the market as well as CCC corporate credit outperformed broader credit markets.

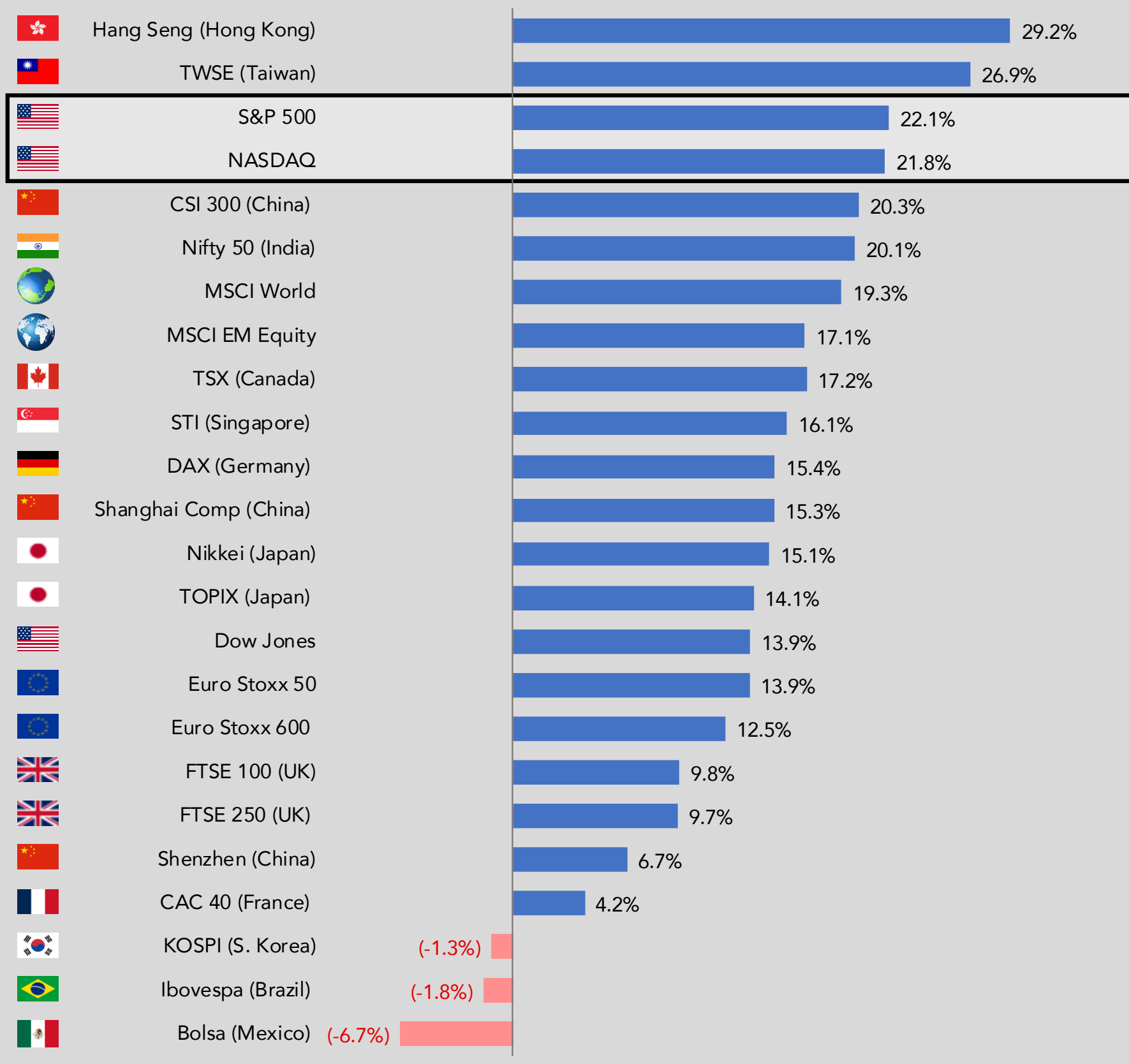
2024 YTD credit market total returns



Global Equity Markets Through the End of Q3, 2024

Regionally, stocks in Asia ex-Japan outperformed on the quarter, most notably in China and Hong Kong on the back of outsized fiscal stimulus at the end of Q3. In the US, the S&P 500 recovered from its 3% selloff on Aug 5th as Fed policy easing came into view. The benchmark US index rose nearly 6% in Q3 and 22% on the year, its best 9 month total since 1997.

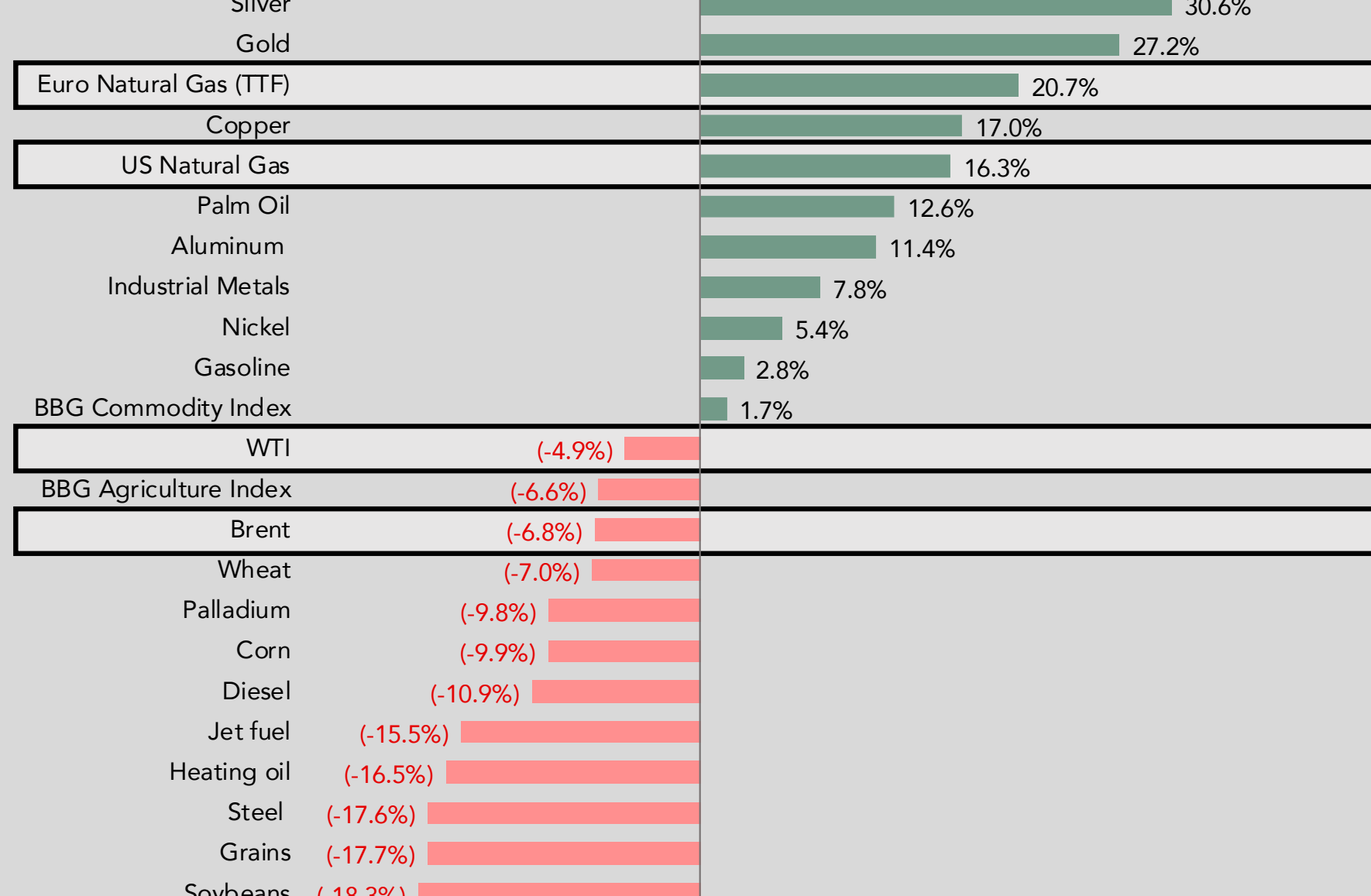
2024 YTD regional equity market performance



Global Commodities Through the End of Q3, 2024

Precious metals (gold, silver), with their safe-haven appeal, led the commodities complex during the first nine months of 2024. Prior to the October geopolitical risk premium, oil had moved lower in the first nine months of the year on steady production and waning global and China demand. By contrast, European natural gas prices moved higher in Q3 (and YTD) after Ukrainian troops seized control of a key transit point for Russian gas into Europe in August.

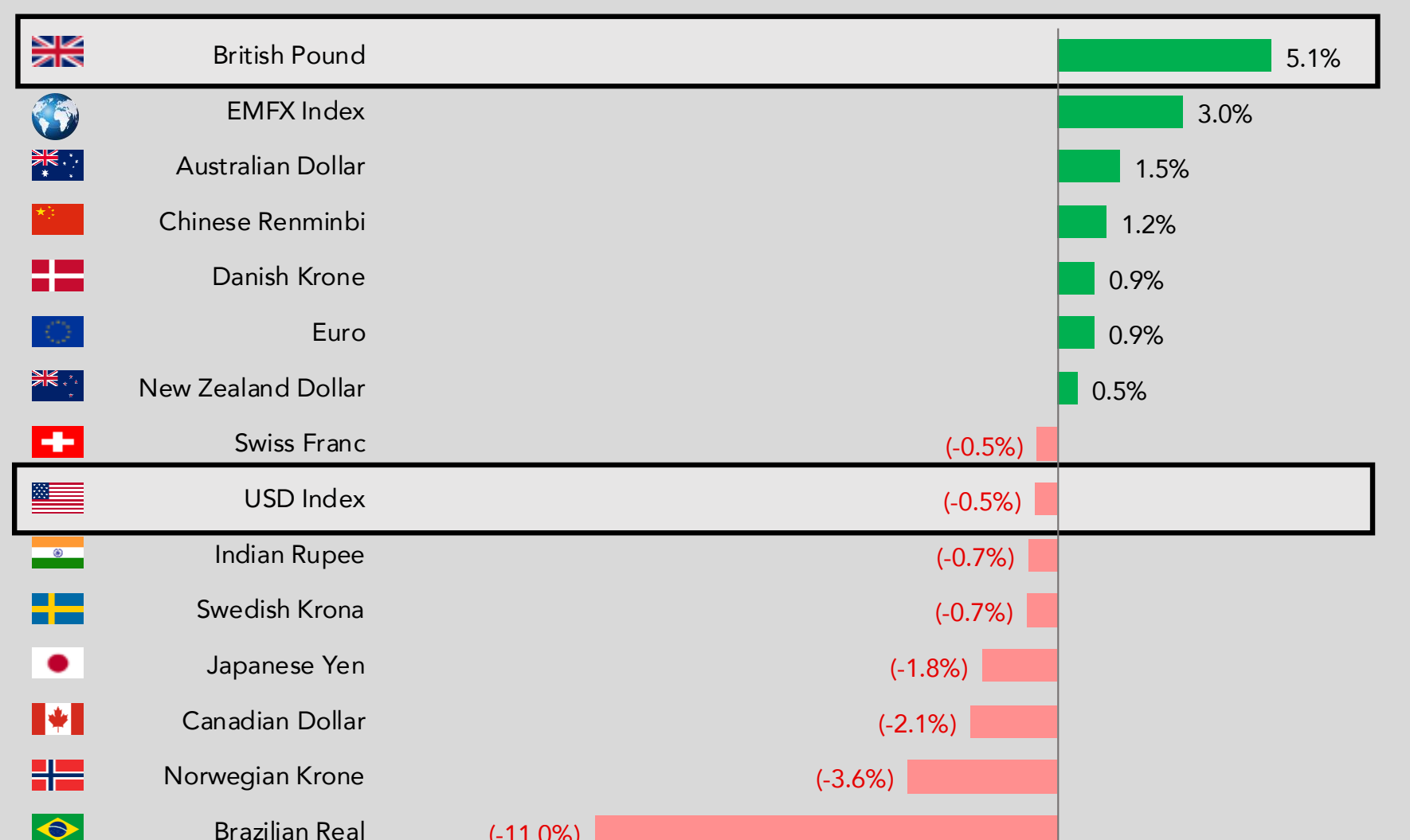
2024 YTD commodities performance



Global Currencies Through the End of Q3, 2024

As the Fed pivoted toward easing, the USD declined nearly 5% in Q3, its largest decline since Q4 2022. Somewhat unexpectedly, the British Pound outpaced USD and Euro to finish Q3 as the strongest performing G10 currency in 2024 YTD. Rate differentials have been a key driver, with the BOE’s policy rate high, UK inflation “stickier” and markets projecting a slower pace of interest rate decline than FX counterparts. Having completed its election in early July, international capital may also be attracted to comparatively lower UK political risk as compared to the United States with its forthcoming Nov 5th election, alongside elevated political and policy uncertainty.

2024 YTD currencies performance vs. USD



Source: (1-4) Bloomberg. Data as of September 30, 2024. MUFG Commodities Weekly (Ehsan Khoman). All values are price change. Commodities Index and Agriculture Index are total return.

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“Macro stability isn’t everything, but without it, you have nothing.”