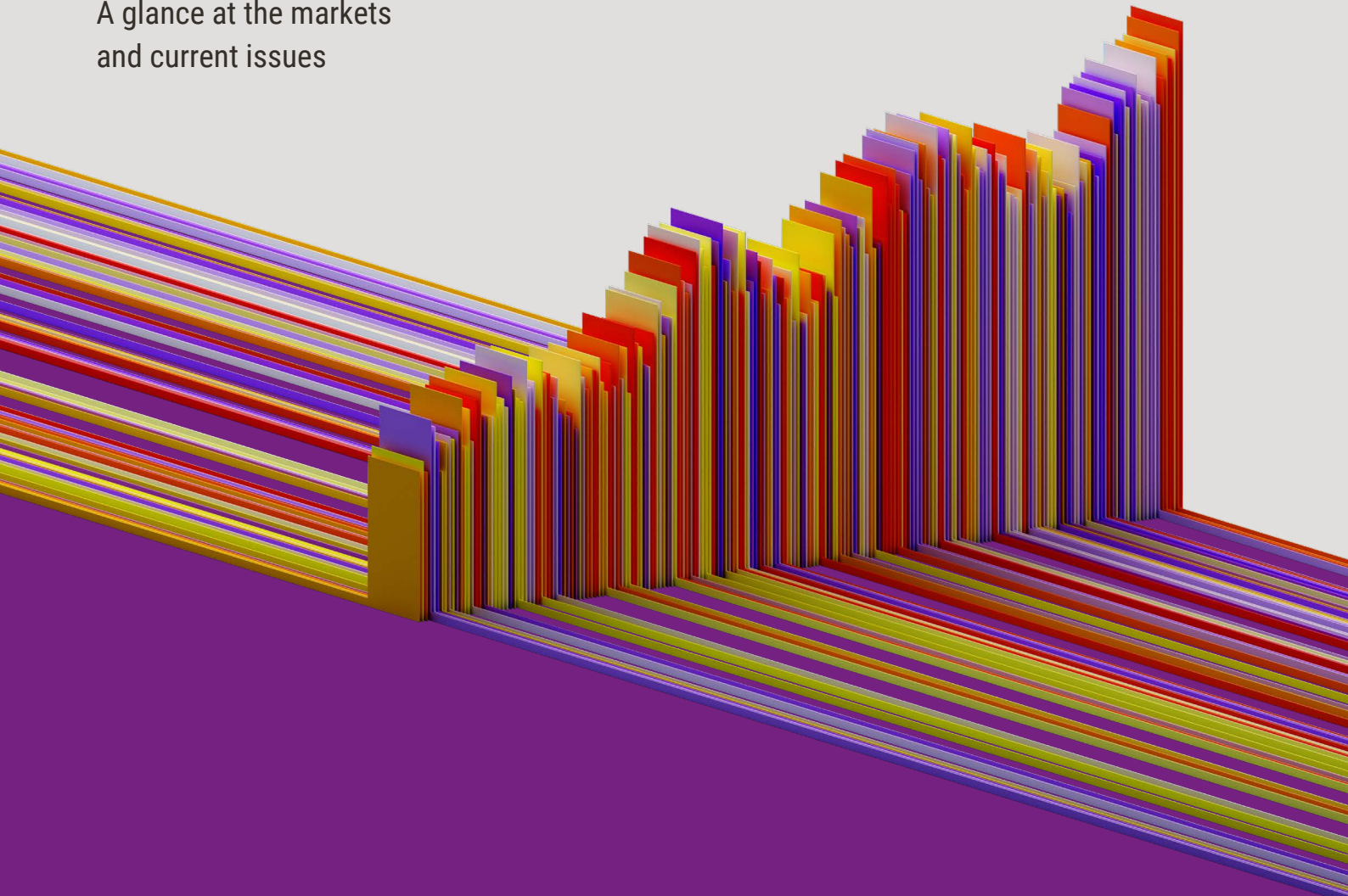


Market Overview 10 | 2024

A glance at the markets
and current issues



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- Solid economic data from the US
- China eases monetary policy

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- Current trends in this asset class
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Equities

Recovery and focus on corporate profits

In October, global equity markets posted a recovery after some weakness in September. In addition to the latest news from the US election campaign, company reports and economic data are due in the coming weeks.

Reports and economic data have an impact on each other, as expectations surrounding the Fed's interest rates play an important role in corporate balance sheets and outlooks. After the last major interest rate cut by 50 basis points, this process could take longer than expected, and interest rates may not fall as low as anticipated. This circumstance does not necessarily favour equities, as bonds with higher interest rates are relatively more attractive. This is why the financial markets are cautious at the moment, as well as due to political uncertainty and the threat of widening conflicts in the Middle East. However, corporate earnings data should in principle continue to support equity prices.

US economy remains solid

Particular attention is being paid to the interest-rate-sensitive technology stocks in the US, in particular the semiconductor sector, which is again seeing greater demand following significant losses over the course of the year. In addition, investors are increasingly relying on utility and real estate assets, as the markets are anticipating further interest rate cuts by the Fed. Overall, these expectations have boosted the equity markets, given that signals coming from the Fed are that it is striving to give the economy a soft landing. Unemployment in the US remains stable at 4.3%, while GDP growth again came in around 2.8% in the third quarter, a sign of a solid economy that can withstand changes in interest rates.

Strong results expected in the consumption and industrial sectors

The quarterly corporate reports will be crucial for market sentiment, especially for equities in the consumer and industrial sectors that depend strongly on demand. Analysts expect that strong results in these sectors could lead to solid outperformance. Investors are also looking for stocks with high dividend yields, which continue to represent attractive investment targets.

China loosens monetary policy to support the economy

In October, the Chinese central bank attempted to strengthen the economy again by reducing the minimum reserve ratio by 25 basis points after an initial reduction in September. In addition, the 7-day repo rate was lowered to 1.45%, while the key interest rate for the medium-term credit facility was reduced by 20 basis points. These measures aim to strengthen liquidity and stimulate lending, particularly in the real estate sector, which remains under pressure. The Shanghai Shenzhen CSI 300 Index reacted positively and was able to overcome its September lows. However, the market remains cautious, as it will take time for the stimulus measures to be fully effective. Growth in China will remain a key driver of the global economy, particularly for the European export sector, which could benefit from stronger demand in China.



Commodities: unabated demand for gold and silver

Gold and silver continued their upward trajectory in October, supported by unabated physical demand and the Fed’s interest rate cuts, with this favouring the macroeconomic framework for precious metals. The price of gold rose to USD 2,750 per ounce. Silver also posted gains, driven by high industrial demand due to expansion in the solar industry. Mining companies in this sector recorded strong price gains, which indicates trust in the stability and attractiveness of precious metals. This trend could continue, according to analysts, because capital flows into safe investments when interest rates fall, and the precious metals sector is considered to be inflation-proof.

Outlook for crude oil

In the commodities sector, the price of crude oil fluctuated in September before stabilising somewhat in early October, supported by OPEC+ production cuts. The price of oil settled in at USD 72.50 to 75.00 per barrel in October. Demand forecasts for the fourth quarter are mixed: high demand is anticipated from Asia, while economic concerns in Europe are dampening expectations.



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Our financing specialists will be happy to advise you personally. Contact us.

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Indicative interest rates* as of November 2024

	3 Years	1.35 %
Fixed-rate mortgage	5 Years	1.40 %
	7 Years	1.50 %
	10 Years	1.55 %
SARON mortgage**	SARON + 0.70 % Margin	

* These interest rates represent benchmarks for first-ranking mortgages on owner-occupied residential property. They apply to first-class residential properties and borrowers with impeccable credit ratings.

** The interest rate is at least 0 %, plus the margin

Fixed Income

Solid figures, many risks

Various central banks lowered key interest rates further, as inflationary pressure in industrialised countries has eased considerably. China has also enacted “whatever it takes” measures to support the economy. The European Central Bank (ECB) cut interest rates for the second time in a row in October to support the increasingly weakening European economy. The escalation of the Far East conflict, on the other hand, could push oil prices up, which could be a problem for the inflation targets set by central banks.

The monthly US labour market report confirmed the strong state of the US economy. This caused risk premiums to narrow further in early October. The worrisome situation of the deficit is noteworthy: in 2024 the US will run the largest budget deficit of all time (excluding the Covid period). The markets now put the likelihood at 87% that the Fed will cut interest rates by 25 basis points in November, while ruling out the possibility of a reduction by 50 basis points. This is because US inflation is not weakening as much as expected, further fuelling the debate on interest rate cuts.

Is the Fed's fight against inflation faltering?

The latest inflation figures and labour market data call into question the path that the Fed is expected to take with interest rate cuts. US headline inflation slowed to 2.4% in September year-on-year (previously 2.5%); it was expected to come in at 2.3%. This is due, among other things, to higher prices for goods. In terms of services, prices for car insurance rose, while housing prices, the largest category within services, fell significantly compared with the previous month. With core inflation higher than expected, there are fears that the Fed's progress in fighting inflation might have stalled.

US labour market with solid data

The monthly US labour market report was better than expected. The US experienced a sharp rise in employment in September: Non-farm jobs increased by 254,000, well above the projected figure of 140,000. Combined with a fall in the unemployment rate to 4.1%, this could cause the Fed to make less extensive interest rate cuts at its remaining meetings this year. Retail sales in the US rose more strongly than expected in September, signalling resilient consumer demand, which continues to support the economy. These figures include a further quarter of robust economic growth supported by strong consumer demand and a resilient labour market. However, studies by the Fed's economists suggest that economic growth is increasingly driven by higher-income consumers, who are likely benefitting from higher asset values.

Record deficit expected

Additional pressure on US yields could come from rising budget deficits over time: The deficit for the 2024 fiscal year was USD 1.833 trillion, the highest deficit outside the Covid-19 pandemic. The increase is due, among other things, to high interest costs for servicing the federal debt, as well as higher social security and military expenditures. The US debt burden has become an important topic in the US election campaign. According to the Committee for a Responsible Federal Budget, Trump's plans are expected to result in new debt totalling USD 7.5 trillion, more than twice the USD 3.5 trillion expected under Harris's proposals.

A survey also showed that consumers have lowered their inflation expectations for the coming year to their lowest level in 3 years.

China: National Bank and Politburo step in

Following the announcement of a stimulus package by the People's Bank of China, a surprise meeting of the Politburo signalled a clear focus on fiscal policy. Concerns expressed at previous meetings were abandoned: China plans to strengthen countercyclical fiscal and monetary policy, ensure the necessary fiscal spending, halt the decline in the real estate market and expand lending for approved real estate projects.

EU: lowest inflation in three years

The European Central Bank (ECB) cut interest rates by 25 basis points. This step, which was widely expected by the markets, is the ECB's third interest rate cut this year, and thus the first time in 13 years that it carried out successive interest rate cuts. In its statement, the ECB stressed that the latest inflation data suggest that inflation is trending as expected. This argues in favour of a further interest rate cut by the ECB in December. Inflation in France fell from 2.2% to 1.5% in September, while inflation in Spain fell from 2.4% to 1.7%. A survey also showed that consumers have lowered their inflation expectations for the coming year to their lowest level in three years. Indeed, inflation in the Eurozone is falling below the ECB's 2% target, paving the way for further interest rate cuts. According to Eurostat data, inflation in the 20 countries that use the euro fell to 1.8% in September compared with 2.2% in August, mainly due to falling energy costs and stable prices for goods. Core inflation, an important benchmark for underlying prices, also fell slightly (from 2.8% to 2.7%).

Corporate bonds despite the risks

Iran attacked Israel in the course of the month, which caused the price of Brent crude to increase. In response to the action taken by Israel against Tehran-allied Hezbollah in Lebanon, Iran fired a series of rockets on Israel. Reuters quoted a senior Iranian official as stating that the order for the rocket attack came directly from Ayatollah Ali Khamenei, Iran's top leader. US President Joe Biden said that the US is prepared to support Israel in defending itself. In the event of an escalation, this could have a negative impact on the credit spreads, which have already narrowed. Risk premiums, which are at their lowest level in several decades, are vulnerable. Credit spreads for bonds have narrowed to a record level in recent weeks – despite the escalation of the conflict in the Middle East and other potential turbulence factors. Premiums for investment-grade corporate bonds are at their lowest level since 2005. This risk appetite for corporate bonds appears to be unjustified, as a broadening of the war in the Middle East is more likely than in many years, not to mention further risks such as the upcoming US elections, the war in Ukraine and the economic slowdown.



Alternative investments

Trends in the infrastructure asset class

Photo by Apollinary Kaashnikova on Unsplash

Infrastructure equity investments mean investments in the equity shares of infrastructure projects, such as energy supply, transport and digital infrastructure. These investments offer stable, long-term returns, making them particularly attractive for pension funds. What are the current trends here?

The growth of the infrastructure asset class has recently slowed somewhat due to higher interest rates, geopolitical tensions and lower activity on private markets. Nevertheless, USD 1.3 trillion is under management here, with remarkable annual growth of 15% since 2010, according to Preqin figures. Below we outline some of the trends that have further strengthened this growth.

1. Energy transition and sustainability

Renewable energy and energy efficiency projects are key drivers of infrastructure investments: of the 102 infrastructure investors surveyed by Infralogic globally, 54% view energy transition as a key driver of investments (according to a 2024 DLA Piper report). Projects such as solar energy, wind power and energy storage are particularly needed to reduce CO2 emissions and achieve climate targets. McKinsey estimates that USD 9 trillion of additional investment will be needed each year to achieve global climate targets.

2. Digitalisation and technology

Digitalisation is significantly changing the infrastructure landscape. Investments in data centres, fibre-optic networks and 5G technology are on the rise to meet the growing need for data processing and storage. Digitalisation is viewed by 36% of respondents in the 2024 DLA Piper report as one of the main investment drivers. In Europe, as many as 67% feel this way.

3. Regional investment opportunities

The Middle East, Australia and Canada are particularly attractive regions for infrastructure investments. These regions offer ambitious infrastructure development plans. But investments in emerging markets, particularly in Asia and Africa, are also important in order to address infrastructure deficits.

4. Health and social infrastructure

The coronavirus pandemic highlighted deficiencies in the health and social infrastructure: of those surveyed by Infralogic, 78% expect healthcare to attract the greatest amount of investment in the next 24 months.

5. Sustainability and ESG criteria

Sustainability through factors in the environmental, social and governance (ESG) area is becoming increasingly important: in the 2024 DLA Piper report, 47% of respondents expect the importance of ESG criteria to increase significantly over the next two years. Investing in sustainable projects and adhering to ESG standards is decisive for long-term returns.

6. Core and core plus assets

Increasingly, investors prefer core assets that offer stable and predictable cash flows. Examples include regulated energy providers and toll roads in the maturity phase with stable earnings. In the DLA Piper report, 66% of respondents said they plan to increase their exposure to core assets. Core plus strategies also remain attractive.

Stable and sustainable returns for pension funds

These trends show how infrastructure equity investments adapt to global challenges. For Swiss pension funds, they offer attractive opportunities for stable and sustainable returns. According to DLA Piper, 70% of investors surveyed plan to expand their infrastructure fund investments in the next 24 months.

In the PRO Compartment, the collective foundation Tellco pk is planning a strategic infrastructure allocation of 6%, which is currently being built up. The initial investments date back a number of years, with the first successful infrastructure investments having been made in 2012. Our portfolio strategy is closely aligned with sustainability criteria and supports the climate targets of the federal government and the Paris Climate Agreement.

Source:

- DLA Piper report: Trends in infrastructure: An evolving asset class, October 2024

Tellco-Products

Tellco Classic

	ISIN	Tranche	October 31st	% October	% YTD	Web
Tellco Classic II Global Equities**	CH0443816621	V	237.95	0.38	18.18	More Infos
Tellco Classic Swiss Equities ESG	CH0421075018	V	186.96	-3.17	7.92	More Infos
	CH0421074961	R	108.39	-4.96	5.56	
Tellco Classic Best Idea ESG	CH0442770316	V	104.62	3.15	4.79	More Infos
Tellco Classic Best ESG	CH0442615701	R	112.91	3.15	4.80	
Tellco Classic Sustainable Heritage ESG	CH0583763542	V	77.40	-1.74	8.12	More Infos
	CH0583763534	R	68.38	-1.77	7.92	
Tellco Classic Bonds CHF ESG	CH0421043669	V	105.61	-0.21	3.46	More Infos
	CH0421043594	R*				
Tellco Classic Bonds in foreign currency ESG	CH0421043768	V	85.03	-1.21	1.60	More Infos
	CH0421043743	R*				
Tellco Classic Bonds in foreign currency hedged ESG	CH0469074956	V	90.55	-1.50	-1.85	More Infos
	CH0469074865	R	81.52	-5.81	-6.14	
Tellco Classic Inflation Protection ESG	CH1101347354	V	94.63	-1.48	-7.12	More Infos
	CH1101347347	R*				
Tellco Classic Aktien Alkimia ESG	CH0544465831	V	141.65	-2.89	4.54	More Infos
	CH0544465823	R	133.93	-2.72	4.41	
	CH1116144333	P	103.81	-2.85	4.51	

* Not yet launched **available only to swiss pension funds

Tellco Classic Strategy

	ISIN	Tranche	October 31st	% October	% YTD	Web
Tellco Classic Strategy 10	CH0450199770	V	122.53	-0.37	3.06	More Infos
	CH0544445619	R*				
Tellco Classic Strategy 25	CH0450201261	V	132.91	-0.74	4.55	More Infos
	CH0544465658	R	102.09	-0.74	2.09	
Tellco Classic Strategy 45	CH0450201329	V	150.76	-1.07	6.15	More Infos
	CH0544465757	R*				
Tellco Classic Strategy 100	CH0450382632	V	133.93	-2.09	11.79	More Infos
	CH0544465773	R	83.94	-17.45	-5.73	

* Not yet launched

The Tellco Top Products

Top-Performer



Tellco Classic Best Idea

The Tellco Classic Best Idea fund aims at a long-term appreciation of invested capital, by investing in listed equities issued by companies whose expected growth is a multiple of global GDP growth, thanks to innovations primarily, and without limitation, in the technology, healthcare and energy fields.

Top-Seller



Tellco Classic Sustainable Heritage

The Tellco Classic Sustainable Energy fund invests in all industries that benefit from a sustainable future. The investment universe includes themes such as renewable energy, energy storage, green and smart transport solutions, water and waste-water treatment, the digitalisation of energy systems and the integration of smart and efficient technologies in cities (smart cities).

Numbers

Equity markets

	October 31st	% October	% YTD
MSCI AC World	450.21	-2.24	16,00
SMI	11,792.92	-3.09	5.88
SPI	15,711.55	-3.27	7.83
DAX	19,077.54	-1.28	13.88
EuroStoxx 50	4,827.63	-3.46	6.77
EuroStoxx 600 Price Index	505.39	-3.35	5.51
FTSE 100	8,110.10	-1.54	4.87
DOW Transportation	16,252.15	-0.26	2.22
S&P500	5,705.45	-0.99	19.62
NASDAQ 100	19,890.42	-0.85	18.21
Shenzen–Shanghai CSI300	3,891.04	-3.16	13.40
Emerging Market	1,119.52	-4.38	9.36
Nikkei	39,081.25	3.06	16.79
Volatilität	23.16	38.43	86.02

Commodities

	October 31st	% October	% YTD
WTI–CrudeOil	69.26	1.60	-3.34
Brent Oil	73.16	1.94	-5.04
ThomReuters /JefferiesCRB	279.86	-1.78	6.08
Gold	2'743.97	4.15	33.01

LIBOR

	October 31st	% October	% YTD
Saron 6M CHF	0.61	-18.89	-61.63
Euribor 6M	2.86	-7.76	-25.82
SOFR 6M USD	4.41	3.61	-14.55

Alternative Investments

	October 31st	% October	% YTD
S&P Leveraged Loan TR Index	4,006.14	0.86	7.51
ILS Advisers Index	231.92	0.77	11.08
Swiss RE Cat Bond TR Index	503.82	0.97	14.13

Numbers

Currencies

	October 31st	% October	% YTD
EUR/USD	1.0884	-2.25	-1.40
USD/CHF	0.8641	2.19	2.70
USD/JPY	152.0300	5.85	7.79
EUR/CHF	0.9403	-0.13	1.23
GBP/CHF	1.1139	-1.51	3.95
CAD/CHF	0.6201	-0.82	-2.12
AUD/CHF	0.5685	-2.75	-0.99
JPY/CHF	0.5678	-3.48	-4.81
BRL/CHF	0.1490	-3.87	-14.37
CNY/CHF	0.1213	0.75	2.28
INR/CHF	0.0103	2.14	2.15
RUB/CHF	0.0089	-2.53	-5.64
TRY/CHF	0.0251	1.74	-12.07
ZAR/CHF	0.0490	0.00	6.52

Countries / GDP

	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	2023	2024	2025
USA	4.90 %	3.30 %	1.60 %	1.90 %	2.50 %	1.65 %	2.50 %	2.60 %	1.90 %
Euro Area	0.10 %	0.10 %	0.40 %	0.50 %	0.80 %	1.00 %	0.50 %	0.70 %	1.20 %
Japan	-2.10 %	-0.40 %	-2.00 %	3.10 %	1.61 %	1.20 %	1.90 %	0.00 %	1.20 %
China	4.90 %	5.20 %	4.90 %	4.70 %	4.60 %	4.80 %	5.20 %	4.80 %	4.50 %
Schweiz	0.40 %	0.65 %	0.70 %	1.40 %	1.80 %	1.80 %	0.80 %	1.40 %	1.40 %

Countries / CPI

	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	2023	2024	2025
USA	3.60 %	3.20 %	3.20 %	3.20 %	2.60 %	2.50 %	4.10 %	2.90 %	2.30 %
Euro Zone	5.00 %	2.70 %	2.60 %	2.50 %	2.20 %	2.10 %	5.40 %	2.40 %	2.00 %
Japan	3.10 %	2.95 %	2.60 %	2.70 %	2.70 %	2.25 %	3.30 %	2.50 %	2.00 %
China	-0.05 %	-0.30 %	0.00 %	0.30 %	0.50 %	1.00 %	0.20 %	0.50 %	1.30 %
Schweiz	1.65 %	1.60 %	1.20 %	1.40 %	1.20 %	1.00 %	2.10 %	1.20 %	0.95 %

Numbers

Rates

	October 31st	in bps October	in bps YTD
10j. EUR (Swap)	2.43	8,00	-6.18
10j. UK (Swap)	4.01	38.87	72.19
10j. CHF (Swap)	0.53	-6.06	-63.60

Bonds

	October 31st	in bps October	in bps YTD
US Govt 10Y	4.29	50.35	40.54
GER Govt 10Y	2.39	26.57	36.61
Swiss Govt 10Y	0.35	-1.66	-30.52
UK Govt 10Y	4.44	44.16	91.41
IT Govt 10Y	3.65	20,00	-3.96
ESP Govt 10Y	3.09	16.87	11.06

Generic iTRAXX

	October 31st	in bps October	in bps YTD
Europe Main	58.59	-0.24	0.37
Finl Sen	65.40	-1.76	-1.62
Finl Sub	116.08	-4.50	-6.57
X-Over	314.09	3.24	3.61

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