



# February 2024: A summary for investors

## Isaac Stell

Fund Research Manager

### What's happened in February?

- Positive momentum drives stock markets to record highs
- Surprise rise in inflation in the US but declines in Europe & UK
- Bond markets reset as higher-for-longer narrative take hold

### Market summary

Interest rate fluctuations have dominated market discussions for years now, with central bank decisions driving stock market shifts. Now we've hit a peak in interest rates, attention turns to when rates will be cut.

There are signals of growing confidence in the US economy: we're unlikely to see rate cuts until June but non-farm payroll numbers (workers in goods, construction, manufacturing businesses, and makes up around 80% of the workforce) are resilient, but there's been a small increase (0.3%) in consumer prices.

It's less positive in the UK. Although our inflation rate was stable at 4.0% (lower than the expected 4.2%), in February, the ONS report shows the UK entered a technical recession in Q4 2023, following a decline in the services sector. Japan also fell into a technical recession – its first in five years. But it's worth noting Japan's Nikkei 225 reached a 30-year peak in February.

In Europe, inflation fell in Germany, France and Spain, contributing to a collective headline Eurozone inflation rate of 2.6% - near the 2% target. With a spluttering economy, rate cuts may be on the horizon from the European Central Bank.

The People's Bank of China made a historic move by cutting the 5-year loan prime rate to 3.85% in an attempt to stimulate the economy. Headline inflation saw a 0.8% year on year decline in January – the biggest fall in more than 14 years, and worse than the 0.5% fall forecast.

February was a particularly good month for stock markets, with several major indices reaching record highs, despite the central bank's u-turn on the prospect of rate cuts.

It's more important than ever to diversify portfolios, especially when the range of outcomes remains so wide.

# Parmenion

**Registered Office:** Aurora,  
Counterslip, Bristol, BS1 6BX.

**Website:** [www.parmenion.co.uk](http://www.parmenion.co.uk)

Parmenion Capital Partners LLP  
Authorised and regulated by the  
Financial Conduct Authority.

FCA Number 462085.  
Registered in England and Wales  
OC322243.

---

**Important information:** This document is intended to support a conversation with your financial adviser. Any views expressed within this document are intended as general information only and should not be viewed as a form of personal recommendation. It should not be construed as financial advice from Parmenion Capital Partners LLP. If you are unsure whether an investment is suitable for your needs, you should speak to your authorised financial adviser. All investment carries risk: the value of investments and any income from them can go down as well as up and you could get back less than you put in.

Version date: 07/03/2024