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Equity Market Update

2024 Market Outlook

With 2023 behind us, it's time for us to learn from the year and look forward to what's in store for investment markets.

At the start of 2023, equity markets were tentative as the Russia-Ukraine conflict approached the one-year duration point. Interest rates worldwide were rising amidst one of history's most aggressive monetary tightening cycles to control high inflation.

From March 2023 to March 2023, the general apprehension was worsened by the failure of several US Regional Banks (Silicon Valley Bank, Signature Bank, and First Republic), followed by the collapse of Credit Suisse Bank (acquired by UBS). Compounding the situation was the crisis that arose in the Middle East as an armed conflict broke out between Israel and Hamas in October.

Despite all these headwinds, equity markets continued to take strides, defying concerns that rising interest rates would weaken consumers and corporate earnings. By the end of December 2023, the S&P/ASX 200 had returned 12.4%, with international markets doing similarly well.

As we turn to 2024, share market indices like the S&P/ASX 200 and S&P 500 continue to reach new heights. Given the persisting uncertainty of a US recession, our investment specialists and managers continue to analyse market conditions critically.

Pleasingly, defensive assets (Bonds and CASH-type investments) continue to deliver strong income as rate increases reach the peak of the cycle and offer the potential for capital growth as rates begin to ease.

There is no way of knowing whether share markets will continue to rise from current levels in the short term, but we know that long term exposure to growth assets is beneficial. Utilising market entry mitigation strategies like dollar cost averaging can reduce your risk in these uncertain times.

If you would like to discuss any of these strategies, please contact your Bongiorno Financial Adviser.

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