

Oriflex BP Regeling

Oriflex Liquiditeiten

Stichting Pensioenfonds Atos Origin

Tweede Kwartaal 2024

BLACKROCK

Investment Review

The Fund underperformed the benchmark this quarter.

Market Overview

The eurozone economy has shown improvement following a challenging 2023. The impact of higher living costs is easing, economic growth has surpassed expectations, labour market remains strong, and the European Central Bank has begun reducing interest rates.

According to a preliminary estimate from Eurostat, the statistical office of the European Union (EU), annual inflation in the euro area is expected to be 2.5% in June 2024, slightly lower than May's 2.6%. Services are anticipated to lead with a stable annual rate of 4.1% in June.

In Q1, 2024, the Euro area's GDP expanded by 0.3% compared to the previous quarter. (Chart 3). The unemployment rate in the euro area held steady at 6.4% in May, maintaining its average of 9.3% since 1995.

In recent European parliamentary elections, voters in France and Germany delivered significant setbacks to their leaders. This led Emmanuel Macron to call for a snap legislative ballot after the far-right National Rally made substantial gains in the initial round. In Germany, Chancellor Olaf Scholz's Social Democrats faced their worst-ever electoral outcome, trailing both the opposition conservatives and the far-right alternative for Germany.

The recent French parliamentary elections resulted in no party achieving an absolute majority, with the left-wing New Popular Front securing the most seats, followed by President Macron's centrist alliance and the National Rally.

This unexpected outcome has left France in a state of political uncertainty, with potential scenarios including a left-led minority government, a technocratic government appointed by Macron, or prolonged negotiations to form a working majority, all of which could impact French government bonds and the country's influence within the EU.

On the policy front, the ECB initiated an easing cycle with a 0.25 percentage point cut in June. Key rates now stand at 4.25% for main refinancing operations, 4.50% for the marginal lending facility, and 3.75% for the deposit facility. This decision reflects growing confidence in future economic prospects, although future decisions will continue to hinge on data and forecasts. President Lagarde reiterated that the Governing Council is not committing to a specific rate trajectory.

Notably, the market has priced in one rate cut for October, with expectations of a total 44 basis points cut by the end of 2024. Similar cuts are anticipated quarterly, with two more expected by June 2025, potentially reducing the policy rate to 3% by mid-year 2025. (Table p.3)

During the same period, European yields declined, with the 3-month Euro short-term rate (ESTER) dropping by 22.4 basis points, the 6-month rate by 17.8 basis points, and the 12-month rate by 7.9 basis points compared to the previous quarter, ending at 3.63%, 3.53%, and 3.33%, respectively.

Outlook

Elections remain front and centre in 2024. Centrist parties held control of the European Parliament in June elections, though right-wing and anti-establishment parties gained ground. In the UK, the Labour Party won by a landslide, while France's unprecedented election outcome could lead to a left-wing coalition in parliament. Going forward, attention will also shift to the lead-up to the U.S. elections.

The U.S' economy remains robust, with GDP growth revised upward to 2.5% for 2024. This growth is supported by strong consumer spending and a sturdy labour market. However, inflation persists above the Federal Reserve's (Fed) 2% target. To manage this, the Fed is expected to implement rate cuts of 75 basis points (bps) by year end, beginning in the summer. These adjustments aim to address inflation while sustaining economic growth.

Omvang fonds

Waarde begin van de periode	€ 116,333,857
Waarde eind van de periode	€ 113,002,205

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	1.01%	3.91%	1.55%	0.67%	0.16%
Benchmark	0.98%	3.79%	1.34%	0.58%	0.14%

Outlook (continued)

In the euro area, the region has started to emerge from stagnation, with GDP growth projected at 1.4% for 2024. This recovery is bolstered by improved household incomes and favourable global economic conditions. The European Central Bank (ECB) commenced an easing cycle, starting with an initial 25 bps cut, and anticipates further cuts throughout the year and into 2025. Despite these positive developments, high labour costs and sluggish productivity remain significant challenges that the region must address to sustain long-term growth. Similarly, the UK's economy has shown signs of recovery, with a GDP growth rate of 0.6% in Q1, 2024.

The services sector and recovering real incomes drive this growth. The Bank of England (BoE) is expected to begin cutting rates in August, with total reductions anticipated to reach one percentage point by the end of 2025. While inflation is projected to reach target levels by early 2025, core inflation may take longer to stabilise, indicating a cautious yet hopeful outlook for the UK economy.

Each central bank's approach to rate cuts varies in timing and magnitude, reflecting tailored strategies to their unique economic conditions. Increased consumer spending and business investment are notable contributors to economic resilience, underscoring the importance of maintaining consumer and business confidence. However, the global economic outlook is not without risks. Geopolitical tensions and energy price fluctuations remain significant concerns that could impact economic stability and growth.

Additionally, sectoral growth varies, with the services sector in the UK and industrial production in the U.S. standing out as key drivers of their respective economic recoveries.