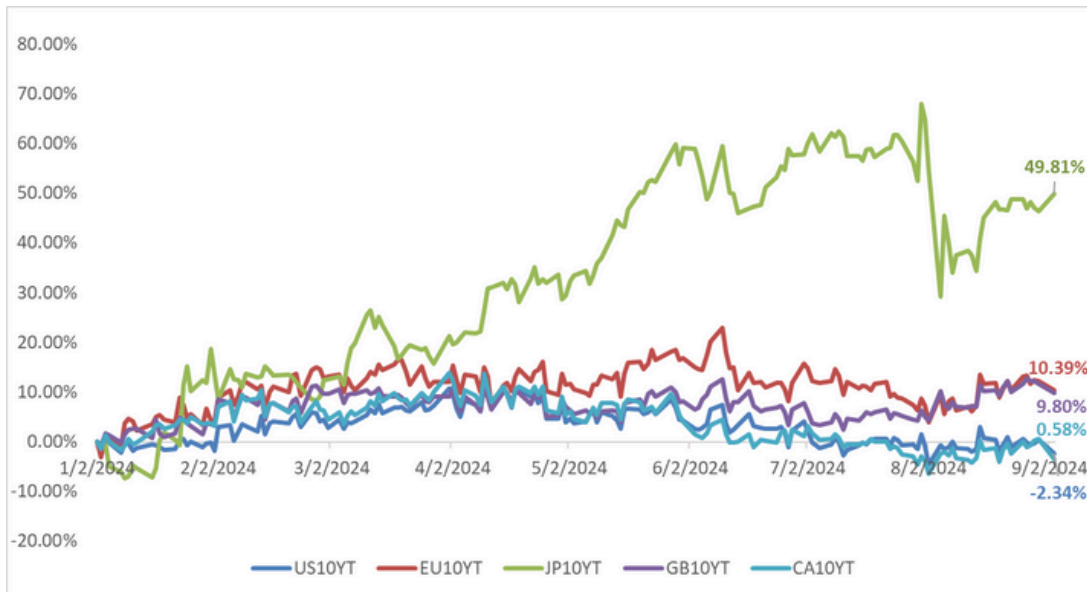


NEWSLETTER

DECODING THE DEBT: UNDERSTANDING THE RISKS AND REWARDS OF BONDS



Bond yields have been on a downward trajectory in 2024, reflecting shifting investor expectations regarding Federal Reserve interest rate policy. The benchmark 10-year Treasury note yield dropped below 4% in August, a significant decline from its peak earlier in the year.

Investor sentiment has been influenced by the Fed's evolving stance on monetary policy. While the Fed has maintained its short-term federal funds target rate, the market anticipates potential rate cuts in the near future. This expectation has contributed to the decline in bond yields.

Economic indicators have also played a role in shaping market dynamics. Inflation has been moderating, as evidenced by the decline in the Consumer Price Index (CPI). However, concerns about labor market weakness and potential economic growth risks have persisted.

Looking ahead, investors can expect continued volatility in the bond market. The Fed is navigating a delicate balance between combating inflation and maintaining economic stability. The timing and magnitude of potential rate cuts remain uncertain, and economic data will continue to influence market sentiment.

Bond Yield Fluctuations:

- **Yield Curve Inversion:** The bond market has been experiencing an inverted yield curve, where short-term yields exceed long-term yields. This is unusual and often seen as a precursor to economic downturns.
- **Fed Rate Expectations:** Investor expectations of Federal Reserve rate cuts have been a significant driver of bond yield declines.
- **Economic Indicators:** The recent rise in unemployment and slowing economic growth have contributed to market uncertainty and lower yields.

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Fed's Balancing Act:

- **Inflation vs. Employment:** The Fed is attempting to balance its inflation mandate with maintaining maximum employment.
- **Rate Cut Expectations:** The market is anticipating a rate cut in September, but the magnitude (0.25% or 0.50%) remains uncertain.

Investor Outlook:

- **Short-Term Volatility:** Given the economic uncertainty, investors can expect continued volatility in bond yields.
- **Long-Term Opportunities:** The inverted yield curve presents potential opportunities for investors with a longer-term horizon.

Conclusion

In conclusion, the bond market is currently influenced by a complex interplay of factors, including economic indicators, Fed policy, and investor sentiment. While the overall outlook may seem uncertain, understanding these key trends can help investors make informed decisions about their fixed-income portfolios.











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- CVS Health Corp (CVS) Sustainability Report – Aug 24

Month in review

Date		Company Name	Report name	CMP	TP	Rating
Aug-07		Pandora A/S	Shine Brighter with innovation, expansion and sustainability	DKK 976	DKK 1085	BUY
Aug-21		Lululemon Athletica Inc.	Growing stronger by innovating faster	\$ 259.12	\$ 285.00	BUY
Aug-13		Apple Inc	Building technology with a conscience	\$ 215.99	\$ 237.00	BUY
Aug-06		Taiwan Semiconductor Manufacturing Co.	Strong Financials with Strategic Vision	NT\$ 940	NT\$ 1040	BUY
Aug-12		Roku, Inc	"Strategically Paving the Way to Market Dominance"	\$ 55.10	\$ 63.00	BUY
Aug-16		American Express Company	"Strategic Growth, Premium Focus and Future Ready"	\$ 243.76	\$ 264.00	HOLD
Aug-05		General Dynamics	Driving Growth, Delivering Value	\$ 285.90	\$ 315.29	BUY
Aug-25		Emerson Electric Co.	Powering the Future through Innovation	\$ 104.64	\$ 114.23	HOLD
Aug-26		UnitedHealth Group Inc	Plans to focus on innovation and expansion	\$ 578.72	\$ 635.60	BUY
Aug-29		Johnson & Johnson	Focusing on innovation and resilience	\$ 164.13	\$ 176.66	HOLD

Up coming coverage

	Company Name	CMP
	H & M Hennes & Mauritz AB	SEK162.65
	McCormick & Company	\$ 82.07
	Advanced Micro Devices	\$ 136.94
	Lam Research Corporation	\$ 764.44
	Twilio	\$ 60.84
	DoorDash, Inc.	\$ 125.42
	Honeywell	\$ 201.16
	Traton	£ 27.60
	Regeneron Pharmaceuticals	\$ 1,144.77
	Novartis AG	\$ 117.16

Sector report - Aug 2024

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