

The ECB opens the Autumn sales

The European Central Bank (ECB) opted for a third rate cut at its October meeting. This decision had been largely prepared over the last few days, against a backdrop of easing in inflation and economic slowdown more marked than expected. The ECB stance remained relatively dovish, even though the ECB did not wish to pre-commit to a future pace of rate cuts. In our view, the economic context should encourage the ECB to continue a fast monetary easing, with a further cut as early as December. 2025 Budgetary plans in the euro area major economies should also push the ECB towards additional rate cuts.

The ECB caught up by the fundamentals. Although it had clearly signalled in September its intention to make a pause in its easing cycle, the ECB finally decided to make a third rate cut in October, of 25 basis points, taking the refinancing rate to 3.25%. This U-turn came in the wake of disappointing economic data since the previous ECB meeting. Inflation fell back below the 2% target for the first time in three years, to 1.7% year-over-year in September.

Since 2022 (the war in Ukraine), the ECB has faced a fragile economic backdrop, with lingering risks of recession, but it has opted for a restrictive policy to combat the high level of inflation. What is new now is that inflation is low, with core inflation also confirming its downward trend.

Past performance is not a guarantee of future performance. All data is from Bloomberg, Macrobond as of 10/18/2024, completion date of this publication. In accordance with the regulations in force, we inform the reader that this document is qualified as a promotional document

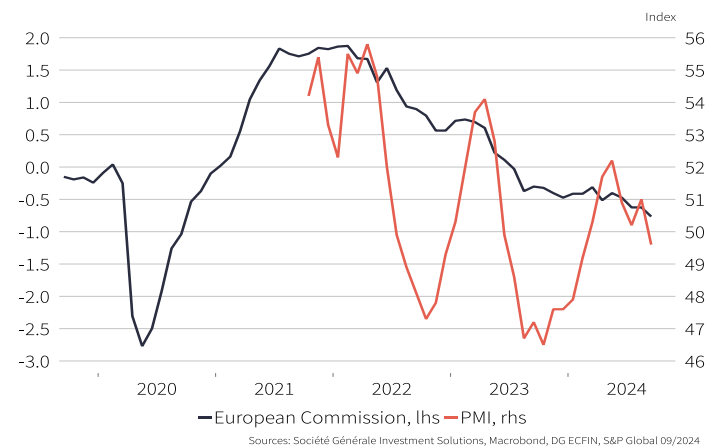
In a sign of the ECB members' concerns about economic activity, the rate cut was taken unanimously, whereas in mid-September a large majority of these members seemed to prefer a pause in October.

The easing cycle should continue unabated. In our view, the economic environment remains conducive to an acceleration in the rate-cutting cycle, with the next cut as early as December. Admittedly, the ECB did not want to pre-commit to a future path of rate cuts, insisting that decisions will be taken on a meeting-by-meeting basis and will be data-dependent –albeit still leaving open the possibility of a fourth rate cut in December. Over the coming months, headline inflation may rebound, as a result of energy price increases, without however calling into question the downward trend in underlying inflation.

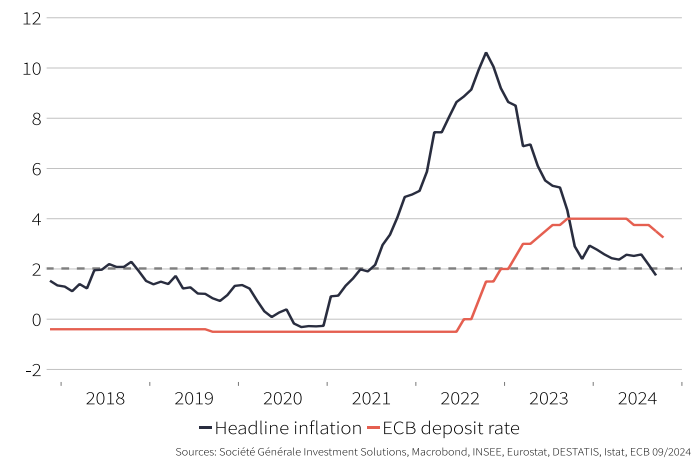
Furthermore, it seems unlikely that economic data will improve significantly, particularly in the current context of political and geopolitical tensions. The markets are now expecting between 25bp and 50bp of rate cuts in December, and cuts of at least 25bp are fully priced in for the next three meetings (until March). Against this backdrop, the euro continued to lose ground against the dollar, reaching its lowest level since the end of July (a movement also explained by the publication of robust data in the United States).

Monetary easing versus fiscal tightening. Beyond the current bout of economic weakness, budgetary plans for 2025 also argue in favour of an acceleration in monetary easing. While the extent of this fiscal consolidation has yet to be determined, legislative debates on the 2025 budgets point to a significant tightening of fiscal policy in France, Italy and Germany. These policies would have a negative impact on economic growth and ultimately on inflation, which should play a role in future ECB's decisions.

EURO AREA – BUSINESS SURVEYS



ECB RATE AND INFLATION (YEAR-OVER-YEAR)



OUR MACRO COMMENTS

Events of the week

United Kingdom: inflation data in line with a more accommodating monetary policy

The UK economic data for the UK have been firm, with the unemployment rate dropping one-tenth to 4% and retail sales remaining robust at 4% year-over-year. Meanwhile, statistics closely monitored by the Bank of England were favourably oriented. Headline inflation fell below the BoE's 2% target in September, at 1.7% year-over-year. Services inflation dropped below 5% year-over-year for the first time since 2022. Moreover, wage growth eased further, reaching 3.8% year-over-year in August. These statistics may allow the BoE to set a more accommodating tone for its monetary policy.

China: GDP growth below target

The Chinese economy continues to display a degree of economic fragility. Growth in Q3 came in at 4.7% year-over-year, slightly below the 5% target set by Beijing. However, given the still very buoyant trade balance figures, the composition of this growth remains primarily export-led, and domestic demand remains muted.

The announcements made by the Politburo at the end of September have still not been translated into concrete measures and will in any case take time to be reflected in the economic data.

THE WEEK IN DATA

Country	Data	Actual	Last	Forecast
United-Kingdom	Unemployment Rate	4%	4,1%	4,1%
	Inflation Rate september	1,7%	2,2%	2%
Euro Area	ECB Interest Rate Decision	3,25%	3,50%	3,25%
China	GDP Growth Rate YoY Q3	4,60%	4,70%	4,50%
United-States	Retail Sales MoM september	0,4%	0,1%	0,3%
	Industrial Production MoM september	-0,3%	0,8%	0,1%

Source: Macrobond, October 18, 2024. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS NEXT WEEK



Wednesday

Euro Area Consumer Confidence October

Thursday

Germany Manufacturing PMI October

Euro area Composite PMI October

United-Kingdom Composite PMI October

France Business Climate INSEE October

Friday

Germany Business Climate Ifo October

United-Kingdom Consumer Confidence Gfk October

United-States Durable Goods Orders September

MARKET PERFORMANCES

Interbank rates

%	16/10/2024	17/09/2024	17/07/2024	01/01/2024	17/10/2023
US SOFR	4.908	5.34	5.34	5.34	5.32
Euro area €ster	3.414	3.67	3.66	3.88	3.90
UK SONIA	4.950	4.95	5.20	5.19	5.19
Switzerland SARON	0.941	1.21	1.21	1.70	1.70
Japan TONAR	0.227	0.23	0.08	-0.04	-0.02

10Y Government rates

%	17/10/2024	17/09/2024	17/07/2024	01/01/2024	17/10/2023
US Treasuries	4.09	3.65	4.16	3.88	4.83
France OAT	2.94	2.85	3.04	2.55	3.45
Germany Bund	2.21	2.14	2.41	2.02	2.88
Italy BTP	3.32	3.42	3.72	3.70	4.89
Spain Bonos	2.91	2.93	3.15	2.98	4.00
Switzerland	0.43	0.39	0.54	0.66	1.10
UK Gilts	4.10	3.77	4.10	3.60	4.55
Japan JGB	0.95	0.85	1.02	0.62	0.75

Credit

%	17/10/2024	17/09/2024	17/07/2024	01/01/2024	17/10/2023
United States IG	4.93	4.66	5.21	5.06	6.30
United States HY	7.16	7.08	7.61	7.59	9.22
Europe IG	3.41	3.52	3.85	3.72	4.81
Europe HY	6.00	6.26	6.61	6.80	8.36
Emerging FX	6.13	6.06	6.69	6.77	8.10

Equity indices

17/10/2024 vs	-1w	-1m	-3m	01/01/2024	-1y
World	0.82	3.71	3.555	19.56	29.96
United States	1.32	3.90	4.979	22.61	35.22
Euro area	0.19	1.75	1.512	10.99	21.16
France	0.61	1.53	1.004	3.76	11.88
Germany	1.40	4.29	5.677	15.43	26.49
United Kingdom	1.90	1.01	3.218	11.71	15.40
Japan	-0.94	6.16	-6.671	16.00	20.93
Emerging	-1.28	4.54	1.967	16.35	23.59
China USD	-6.77	17.37	13.789	19.83	16.83
India USD	-1.04	-2.78	0.817	22.05	36.27
Latin America USD	-0.93	-3.90	-5.131	-15.05	2.37

Foreign exchange rates

	17/10/2024	17/09/2024	17/07/2024	01/01/2024	17/10/2023
EUR/USD	1.08	1.11	1.09	1.11	1.06
GBP/USD	1.30	1.32	1.30	1.27	1.22
EUR/CHF	0.94	0.94	0.97	0.93	0.95
USD/JPY	149.98	141.61	156.55	141.03	149.71
USD/CNY	7.12	7.09	7.26	7.08	7.31

Commodity prices

	17/10/2024	17/09/2024	17/07/2024	01/01/2024	17/10/2023
Brent, USD/BL	74	74	85	77	91
Copper, USD/Metric ton	9,380	9,242	9,533	8,476	7,847
Gold, USD/Troy oz	2,693	2,570	2,459	2,063	1,923
Silver, USD/Troy oz	32	31	31	24	23
Palladium, USD/Troy oz	1,040	1,086	971	1,136	1,135
Platinum, USD/Troy oz	999	982	1,020	1,000	895

Source: Bloomberg on 18 October 2024, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency. Government bonds = 10 year returns. Figures are rounded.

IMPORTANT INFORMATION – PLEASE READ

General information

This document is a marketing communication issued by Société Générale Private Banking which is the business line of the Société Générale Group operating through its headquarters within Société Générale S.A. in France and its network (departments or separate legal entities (branches or subsidiaries) hereinafter the “Entities”), located on the various below-mentioned territories, acting under the brand name “Societe Generale Private Banking” and distributors of the present document.

This material has been prepared solely for informational purposes and has no contractual value.

This material does not constitute an offer of purchase, sale, or subscription in any of the asset classes presented herein, nor a solicitation of such an offer, nor is it an offer of financial services, to participate in any investment strategy. Nothing in this document should be construed as constituting investment advice or personal recommendation to any investor or its agent. Information contained herein is not intended to provide a basis on which to make an investment decision.

Any investment may have tax consequences and Société Générale Private Banking and its Entities do not provide tax advice. The level of taxation depends on individual circumstances and tax levels and bases may change. In addition, this document is not intended to provide accounting, tax or legal advice and should not be relied upon for accounting, tax, or legal purposes. Independent advice should be sought where appropriate.

The accuracy, completeness or relevance of the information provided is not guaranteed although it has been drawn from sources believed to be reliable. The information and opinions expressed in this document were produced as at the date of writing and are subject to change without notice.

This material has not been prepared regarding specific investment objectives, financial situations, or the particular needs of any specific entity or person. Investors should make their own appraisal of the risks and should seek their own financial and legal advice regarding the appropriateness of investing in any asset classes or participating in any investment strategy.

The asset classes presented herein may be subject to restrictions

regarding certain persons or in certain countries under national regulations applicable to said persons or in said countries. It is the responsibility of any person in possession of this document to inform themselves and to comply with the legal and regulatory provisions of the relevant jurisdiction. This document is not intended for distribution to any person or in any jurisdiction where such distribution would be restricted or illegal. In particular, it may not be distributed in the United States, nor may it be distributed, directly or indirectly, in the United States or to any US Person.

General risks

Some of the asset classes mentioned may present various risks, imply a potential loss of the entire amount invested or even an unlimited potential loss, and may therefore only be reserved for a certain category of investors, and/or only be suitable for well-informed investors who are eligible for these asset classes. In addition, these asset classes must comply with the Société Générale Group’s Code of Tax Conduct.

The price and value of investments and the income derived from them may go down as well as up. Changes in inflation, interest rates and exchange rates may adversely affect the value, price and income of investments denominated in a currency other than that of the client. Any simulations and examples contained in this document are provided for illustrative purposes only. This information is subject to change because of market fluctuations, and the information and opinions contained herein may change. Société Générale Private Banking does not undertake to update or amend this document and will not assume any liability in this regard.

This document is for information purposes only and investors should make their investment decisions without relying on this document. Société Générale Private Banking and its Entities shall not be liable for any direct or indirect loss arising from any use of this document or its contents. Société Générale Private Banking and its Entities do not make any warranty, express or implied, as to the accuracy or completeness of this information or as to the profitability or performance of any asset class, country, or market.

Past performance does not predict future returns. The value of an investment is not guaranteed, and the valuation of investments may

fluctuate.

Forecasts of future performance are based on assumptions which may not materialized. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future.

For a more complete definition and description of the risks, please refer to the prospectus of the product or other legal information document as the case may be (as applicable) before making any final investment decisions.

This document is confidential, intended exclusively for the person to whom it is addressed, and may not be communicated or made known to third parties (except for external advisers and provided that they themselves respect confidentiality), nor reproduced in whole or in part, without the prior written agreement of Société Générale Private Banking and its Entities.

Conflicts of interest

The Societe Generale Group maintains an effective administrative organization that takes all necessary measures to identify, control and manage conflicts of interest. To this end, Societe Generale Private Banking and its Entities have put in place a conflict of interest policy to prevent conflicts of interest, including information Chinese walls.

This document contains the views of SGPB teams. Société Générale trading desks may trade, or have traded, as principal on the basis of the teams’ views and reports. In addition, SGPB teams receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, revenues of their entity of the Société Générale group and competitive factors.

IMPORTANT INFORMATION – PLEASE READ

As a general matter, entities within the Société Générale group may make a market or act as a principal trader in securities referred to in this report and can provide banking services to the companies mentioned in that document, and to their subsidiary. Entities within the Société Générale group may from time-to-time deal in, profit from trading on, hold on a principal basis, or act as advisers or brokers or bankers in relation to securities, or derivatives thereof, or asset class(es) mentioned in this document.

Entities within the Société Générale group may be represented on the supervisory board or on the executive board of such persons, firms or entities.

Employees of the Société Générale group, or persons/entities connected to them, may from time to time have positions in or hold any of the investment products/ asset class(es) mentioned in this document.

Société Générale may acquire or liquidate from time-to-time positions in the securities and/or underlying assets (including derivatives thereof) referred to herein, if any, or in any other asset, and therefore any return to prospective investor(s) may directly or indirectly be affected.

Entities within the Société Générale group are under no obligation to disclose or consider this document when advising or dealing with or on behalf of customers.

In addition, Société Générale may issue other reports that are inconsistent with and reach different conclusions from the information presented in this report and is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. Société Générale group maintains and operates effective organisational and administrative arrangements taking all reasonable steps to identify, monitor and manage conflicts of interest. Société Générale Private Banking has put in place a management of conflicts of interest policy designed to prevent conflicts of interest giving rise to a material risk of damage to the interests of its clients. For further information, please refer to the management of conflicts of interest's policy, which was provided.

Specific information per jurisdiction

FRANCE : Unless expressly stated otherwise, this document is published and distributed by Société Générale, a credit institution providing investment services authorised by and under the prudential

supervision of the European Central Bank ("ECB") (located at ECB Tower, Sonnemannstraße 20, 60314 Frankfurt am Main, Germany) within the Single Supervisory Mechanism and supervised by the Autorité de Contrôle Prudentiel et de Résolution (located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09) and the Autorité des Marchés Financiers ("AMF") (located at 17 Pl. de la Bourse, 75002 Paris). Société Générale is also registered with the ORIAS as an insurance intermediary under the number 07 022 493 orias.fr.

Société Générale is a French public limited company with a capital of EUR 1.003.724.927,50 as of November 17, 2023, whose registered office is located at 29 boulevard Haussmann, 75009 Paris, and whose unique identification number is 552 120 222 R.C.S. Paris, and its ADEME number is FR231725_01YSGB. Further details are available on request or at www.privatebanking.societegenerale.com

LUXEMBOURG : This document is distributed in Luxembourg by Societe Generale Luxembourg, a credit institution which is authorized and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under the prudential supervision of the European Central Bank- ECB, and whose head office is located at 11, avenue Emile Reuter – L 2420 Luxembourg. Further details are available on request or can be found at <https://www.societegenerale.lu/>. No investment decision whatsoever may result from solely reading this document. Societe Generale Luxembourg accepts no responsibility for the accuracy or otherwise of information contained in this document. Societe Generale Luxembourg accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and Societe Generale Luxembourg does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or Societe Generale Luxembourg unless otherwise mentioned. Societe Generale Luxembourg has neither verified nor independently analyzed the information contained in this document. The Commission de Surveillance du Secteur Financier has neither verified nor independently analysed the information contained in this document.

MONACO : The present document is distributed in Monaco by Societe Generale Private Banking (Monaco) S.A.M., located 11 avenue de

Grande Bretagne, 98000 Monaco, Principality of Monaco, governed by the 'Autorité de Contrôle Prudentiel et de Résolution' and the 'Commission de Contrôle des Activités Financières'. The financial products marketed in Monaco can be reserved for qualified investors in accordance with the Law No. 1339 of 07/09/2007 and Sovereign Ordinance No 1.285 of 10/09/2007. Further details are available upon request or on www.privatebanking.societegenerale.com.

SUISSE : LThis document is an advertising according to the Financial Services Act ("FinSA"). It is distributed in Switzerland by Societe Generale Private Banking (Suisse) SA ("SGPBS"), whose head office is located rue du Rhône 8, CH-1204 Geneva. SGPBS is a bank authorized by the Swiss Financial Market Supervisory Authority ("FINMA"). Nothing contained herein shall constitute, or shall be deemed to constitute, investment advice or a recommendation by SGPBS. Users are advised to seek professional advice before applying any information contained in this document to their own particular circumstances. SGPBS accepts no responsibility for the accuracy or otherwise of information contained in this document. The financial products, including collective investment schemes and structured products referred to in this document can only be offered in compliance with the FinSA. Further details are available on request or can be found at www.privatebanking.societegenerale.com.

This document is not distributed neither by SG Kleinwort Hambros Bank Limited in the United Kingdom, nor by its branches in Jersey, Guernsey and Gibraltar together operating through the brand name "SG Kleinwort Hambros". Consequently, the information and potential offers, activities and financial information contained in this document do not apply to these entities and may neither be authorized by these entities or adapted on these territories. Further information on the activities of the private banking entities of Société Générale located in the territories of the United Kingdom, the Channel Islands and Gibraltar, including additional legal and regulatory details can be found at: www.kleinworthambros.com."

