



## A Liquidity Driven Quarter

September closed out a remarkable nine months of price appreciation for risk assets, raising the question once again of whether we are transitioning from optimism into the euphoria stage of the current bull market in global assets. As we reflect on this impressive run, it's worth recalling the wisdom of the late Sir John Templeton, who said, "Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria".

## A New Wave of Global Liquidity

In mid-September, the US Federal Reserve, the world's largest central bank, finally began its **interest rate-cutting cycle**. Then in the last week of the month, China's monetary authorities stepped in with significant stimulus measures to support asset prices, particularly the struggling property sector.

This brings investors to a crucial conundrum: *Are we on the brink of economic weakness, or can these policies extend the current uptrend in asset prices?* Historically, central banks cut rates when economic downturns are on the horizon, yet the timing of any recession remains uncertain.

## Standout Performers in 2024

Despite lingering investor concerns, 2024 has been an exceptional year for asset price growth, buoyed by the expectation of continued monetary easing. The USD returns across various asset classes underscore the strength of the year so far.

### Monetary Commodities

Gold	+28%
Silver	+31%
Bitcoin	+52%

### Industrial Commodities

Oil	-7%
Copper	+15%
Iron Ore	-22%
Coal	+10%

### Equity Markets

MSCI World Index	+19%
MSCI China	+29% (A Strong Recovery in Q3)
S&P 500	+22%
JSE All Share	+16%

## Conclusion

As we move into the final quarter of 2024, the landscape for risk assets still appears relatively optimistic, though there are growing signs that we may be edging towards the euphoria stage Sir John Templeton cautioned about. For long term investors we can continue to take comfort from the ongoing support from central banks, particularly the Federal Reserve and now also China's monetary authorities.



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