

# Newsletter

## Cash

Q1 2024

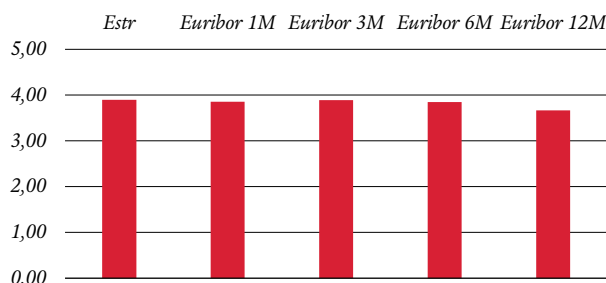
*The beginning of the year reflects the last quarter of 2023: a break on the money markets. Following central bank meetings, the Fed and ECB are hinting at the possibility of lowering key rates in 2024, but without giving an exact timetable. With data supporting the economy, sovereign yields are on an upward trend. The US 10-yr yield increased by 32bps, ending the quarter at 4.2%. In the same way, the German 10-year reached 2.3% (+27bps).*

## Highlights of the quarter

### Rates

Money market indicators remained stable during the first quarter of 2024. Central banks' continued break from normalizing their monetary policy led to a lull in short rates. As a result, the Estr held steady at an average of 3.91%. The 3-month Euribor retraced its quarterly 0.02% to end March at 3.89%.

### Money market rates below 12 months



Source: Swiss Life Asset Managers as of 29/03/2024

### Central banks

The central banks maintained their positions and made no moves on key rates. The ECB deposit rate remains stable at 4%. The situation is similar on the other side of the Atlantic, with the Fed continuing its wait-and-see policy and not raising rates at any of its first-quarter meetings.

### Expectations

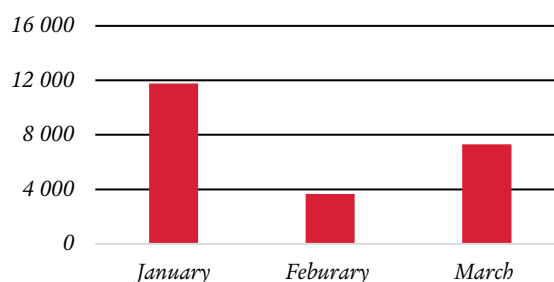
The rate hikes that have now come to an end leave their way for eventual decreases in the months to come. Indeed, with encouraging macroeconomic figures and, in particular, inflation set to continue falling over the coming months, Central Bank speeches suggest that the first-rate cuts could take place in the course of 2024. Data dependency remains the watchword, so no precise timetable has been announced.

**Disclaimer:** Source: Swiss Life Asset Managers France, Bloomberg. This presentation contains historical market data. Historical market trends are not a reliable indicator of future market behavior. These data are provided for illustrative purposes only. Depending on the date of publication, the information presented may differ from the updated data.

## Primary market

On the primary market, the first quarter of 2024 reflected the end of 2023. With a 5.8% increase in issuance, the short-term primary market in Q1 2024 was slightly up on Q4 2023. At the beginning of the year, the volume of issues with maturities of less than 2 years reached €22.76 bn. However, this volume remains sharply down on the 1st quarter 2023 (-35%), when it stood at €35.23 bn.

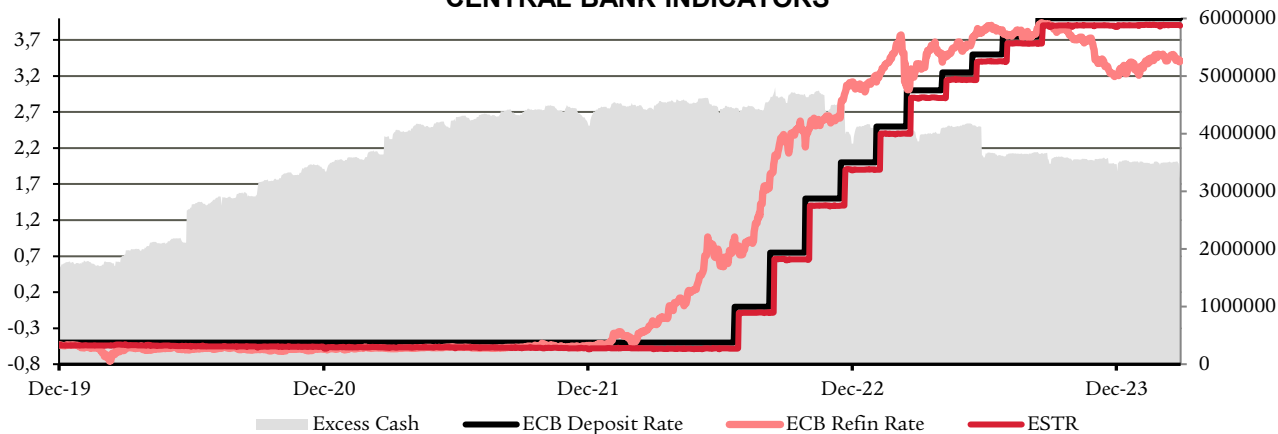
### Issue volume (millions)



Source: Swiss Life Asset Managers as of 29/03/2024

## Eonia + surplus liquidity

### CENTRAL BANK INDICATORS



## Our strategy

«While we wait for key interest rates to come down, we are benefiting from a significant carry in money market instruments and short bonds»

### Maxime Mura

Portfolio Manager, Money Market

- In view of the uncertainties surrounding interest-rate levels over the next few months, we prefer floating-rate instruments for maturities of over 3 months.
- Against a backdrop of monetary and fiscal tightening, the primary bond market should be active at the start of the year, as it was in the first quarter.
- Portfolio diversification remains a priority in a fragile economic environment, which the bond market enables us to achieve by investing in high-quality issuers.
- Optimizing our liquidity portfolio remains a priority. However, we retain a significant proportion of cash, in order to meet liquidity needs and take advantage of new investment opportunities offered by the primary market.

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# About Swiss Life Asset Managers

Swiss Life Asset Managers has over 165 years' experience in managing the assets of the Swiss Life Group. This close link with the insurance industry underpins its investment philosophy, whose main objectives are to invest with a responsible approach to risk, and to act in the interests of its clients every day. Swiss Life Asset Managers also offers this proven approach to third-party clients in Switzerland, France, Germany, Luxembourg, the UK and the Nordic countries.

As of december 31, 2023, Swiss Life Asset Managers managed 275.4 billion euros in assets for the Swiss Life Group, including over 120.4 billion euros in assets under management for third-party clients. Swiss Life Asset Managers is a leading property manager in Europe<sup>1</sup>. Of the 275.4 billion euros in assets under management, 91.9 billion euros are invested in real estate. In addition, Swiss Life Asset Managers jointly administers 22.9 billion euros of real estate with Livit. As of december 31, 2023, Swiss Life Asset Managers thus managed 114.9 billion euros of real estate assets.

Swiss Life Asset Managers' clients benefit from the commitment and expertise of more than 2,200 employees across Europe.

## Life with freedom of choice

Swiss Life enables people to live their lives with freedom of choice and to look to the future with confidence. This is also the aim of Swiss Life Asset Managers: we think long-term and act responsibly. Drawing on our expertise and experience, we develop forward-looking savings and investment solutions. We support our customers in achieving their long-term investment objectives, so that they in turn can consider the needs of their own clientele and build a financial future with complete freedom of choice.

<sup>1</sup> INREV 2021 survey of fund managers (based on assets under management at 31.12.2021).

Swiss Life Asset Managers data at 29.03.2024.

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