

# Monthly Market Recap

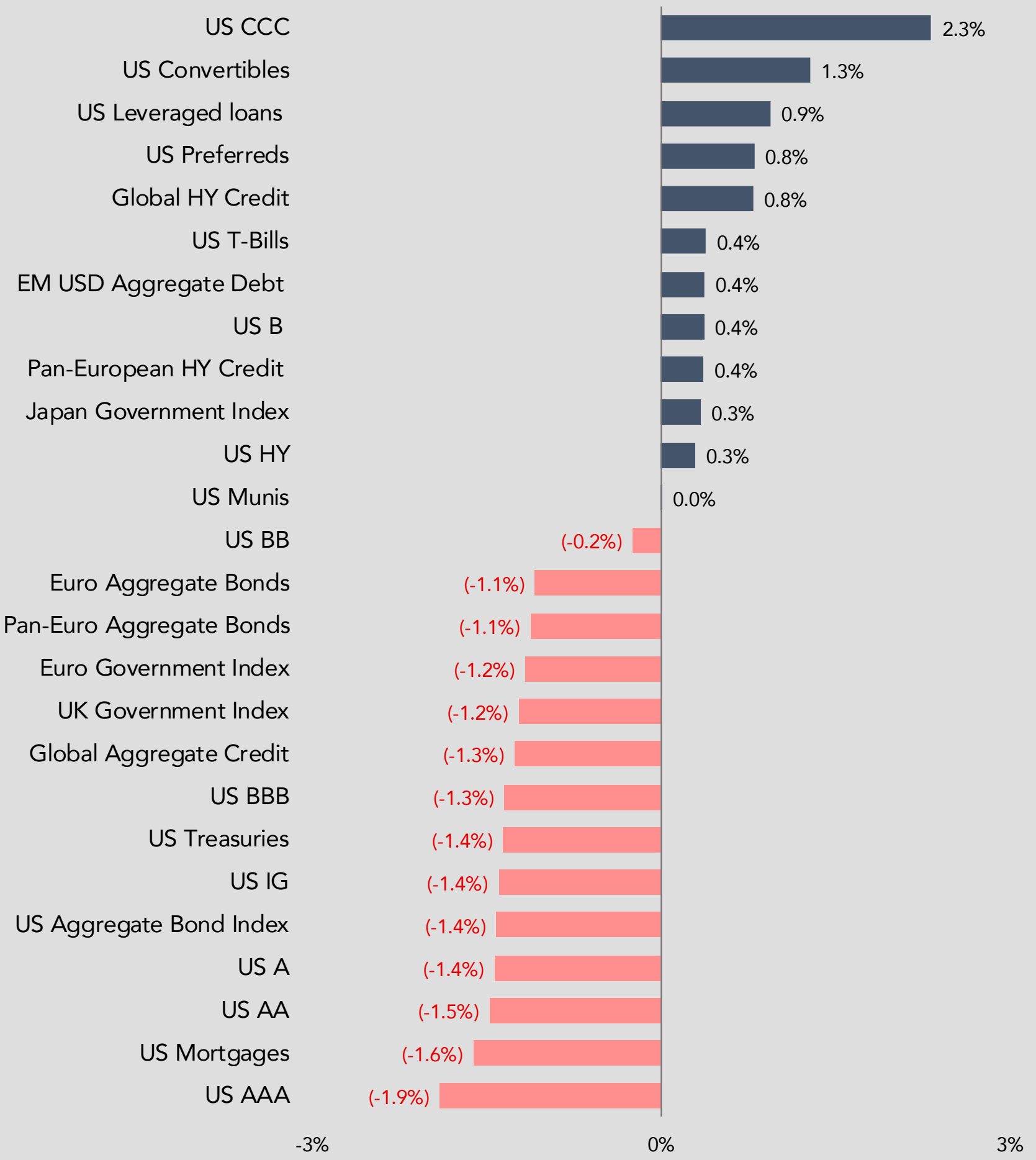


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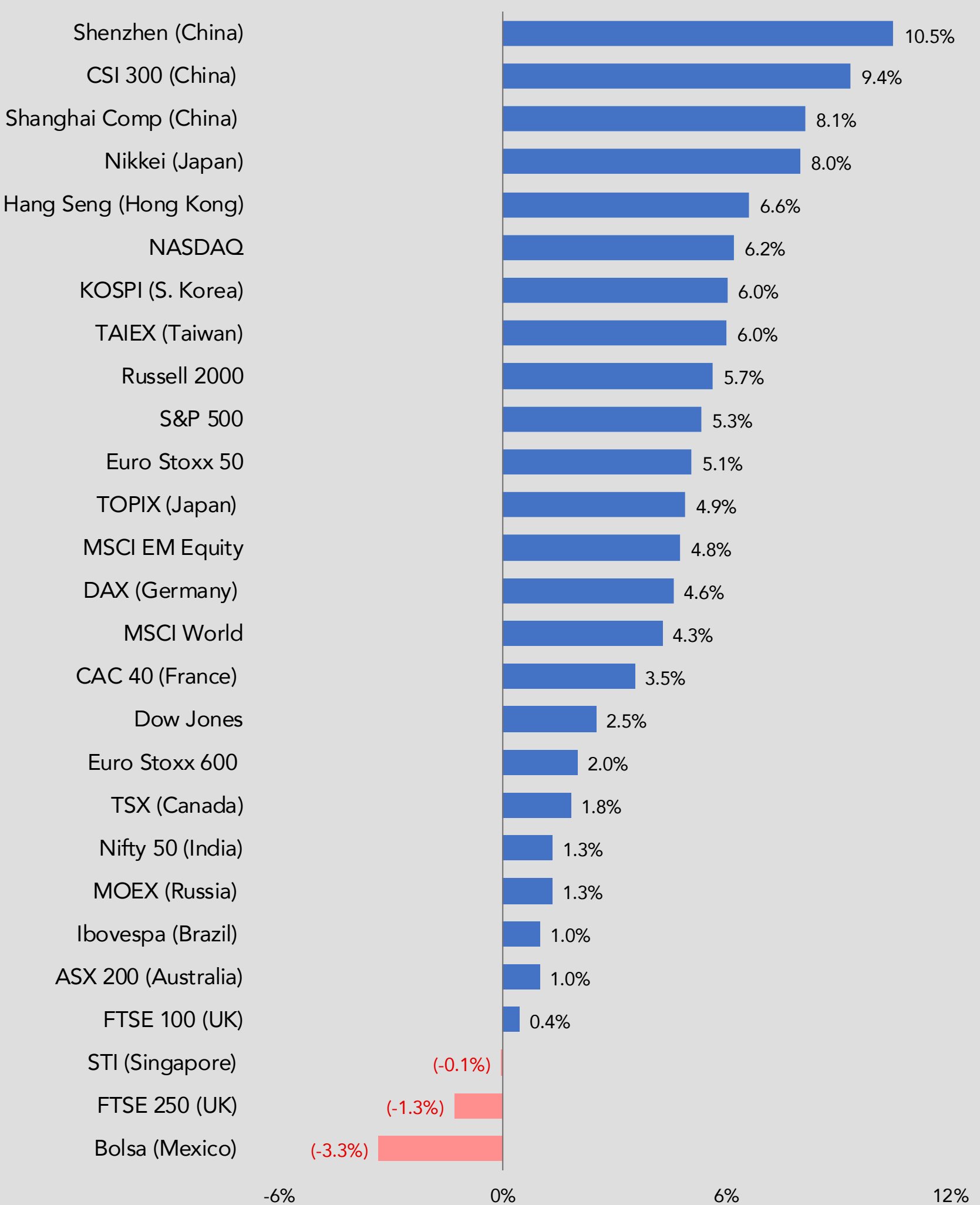
Against a backdrop of record Jan-Feb new issue markets, and tightening credit spreads, total returns across the credit market spectrum were mixed in the month of February as rates moved higher. Lower rated CCC bonds led returns alongside stronger risk-on sentiment and strong flows into high yield funds. Higher rated credit, on the other hand, underperformed on the month.

## February credit market total returns



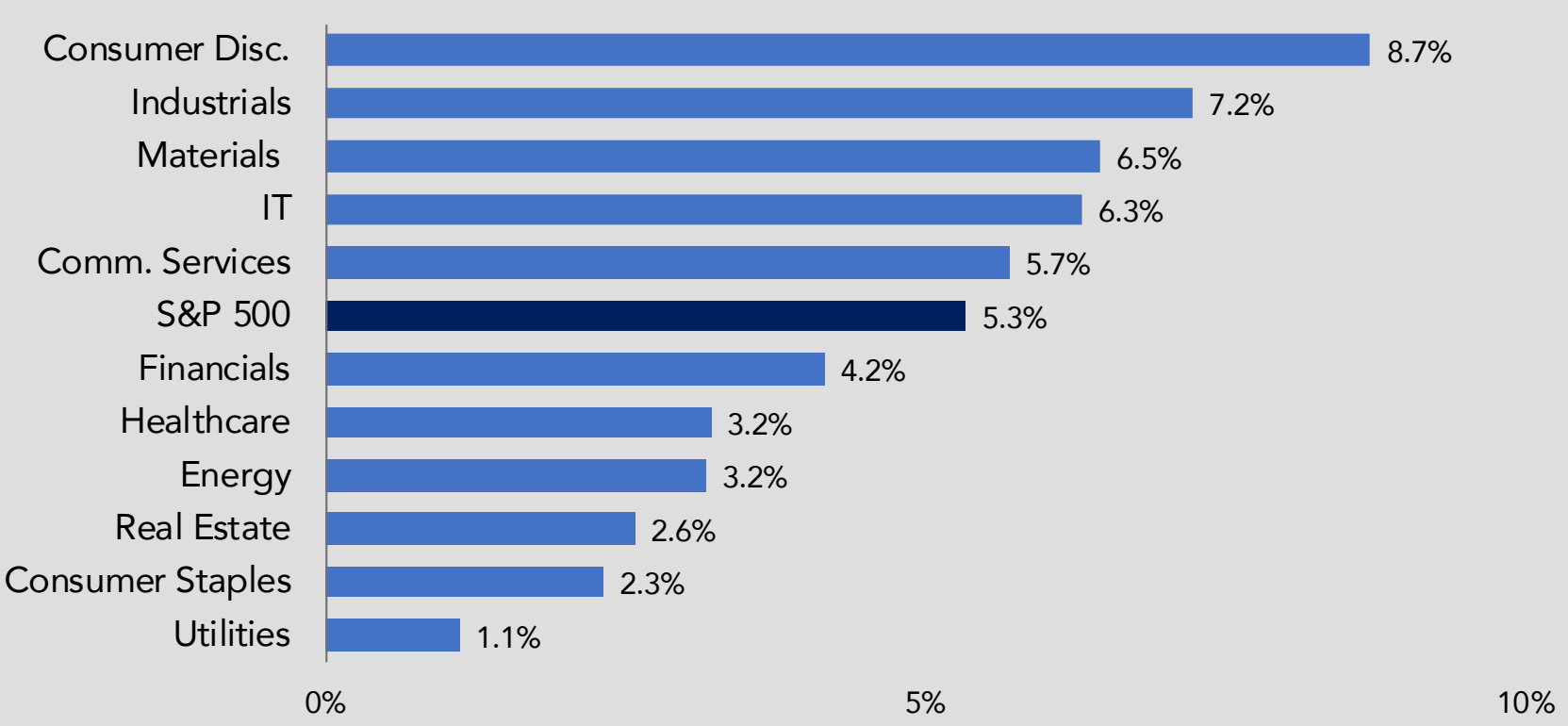
Global equity markets posted strong returns in February on strong earnings, resilient economic data, notable policy pivots and tech sector strength. After weaker performance in 2023 and January 2024, Chinese equities benefited in February from sizable inflows and policy action from Beijing to shore up markets. In Japan, the Nikkei 225 continued its outperformance and reached a new all-time high, a feat last accomplished in 1989. In the US, the S&P 500 and Nasdaq also reached new record highs in February as earnings largely surprised to the upside and exuberance around technology stocks continued.

## February regional equity market performance



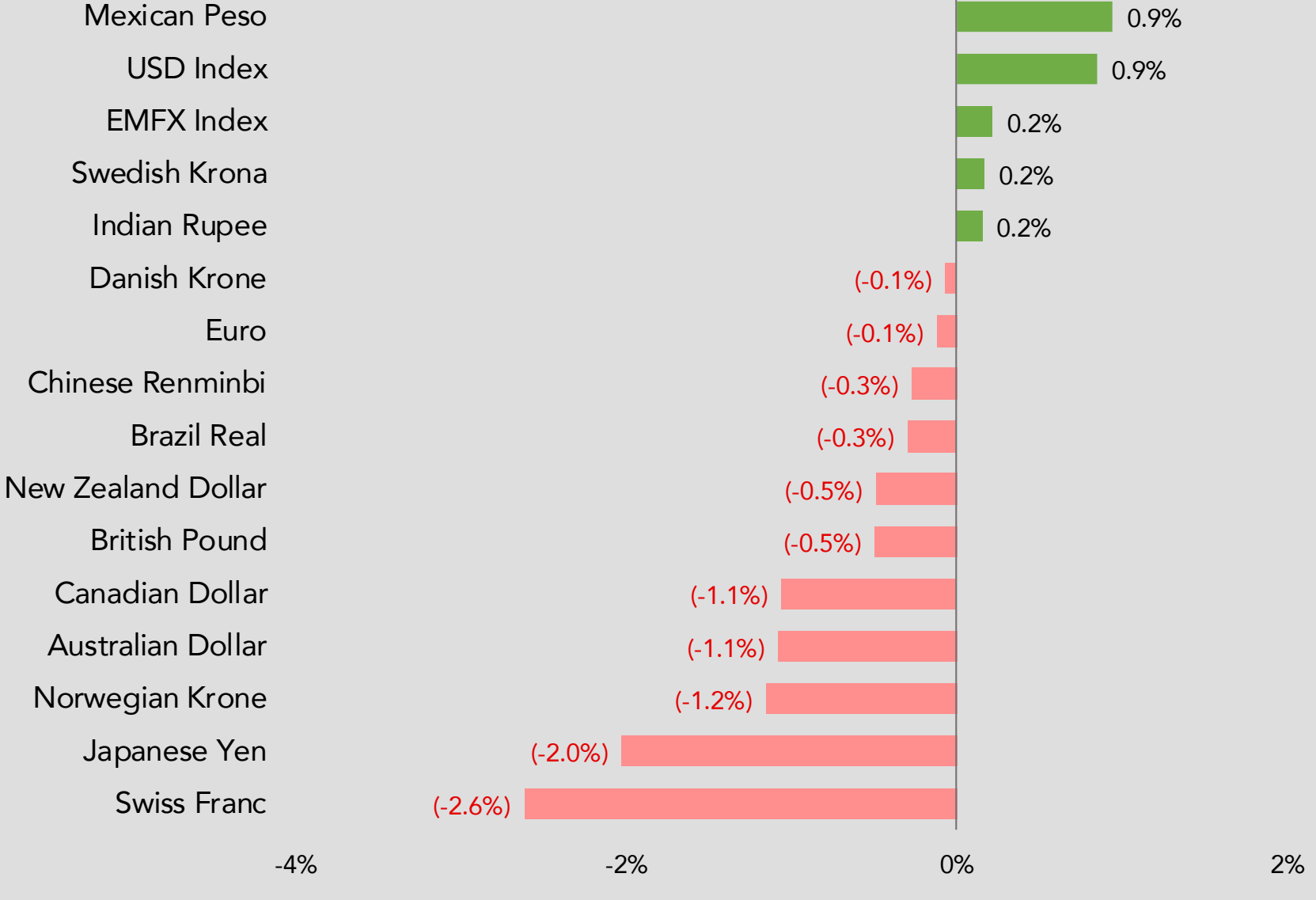
In February, the market was captivated by leading AI chip designer, Nvidia's, meteoric rise (which has accounted for almost 28% of the S&P 500's gains in 2024). However, while tech stocks have driven S&P 500 gains since Jan 2023, the equity rally has broadened in 2024, with more than 2/3 of S&P 500 stocks currently trading above their 50 day moving average. Consumer discretionary stocks actually performed best in the month, though every subsector posted positive returns.

**February S&P 500 industry sector performance**



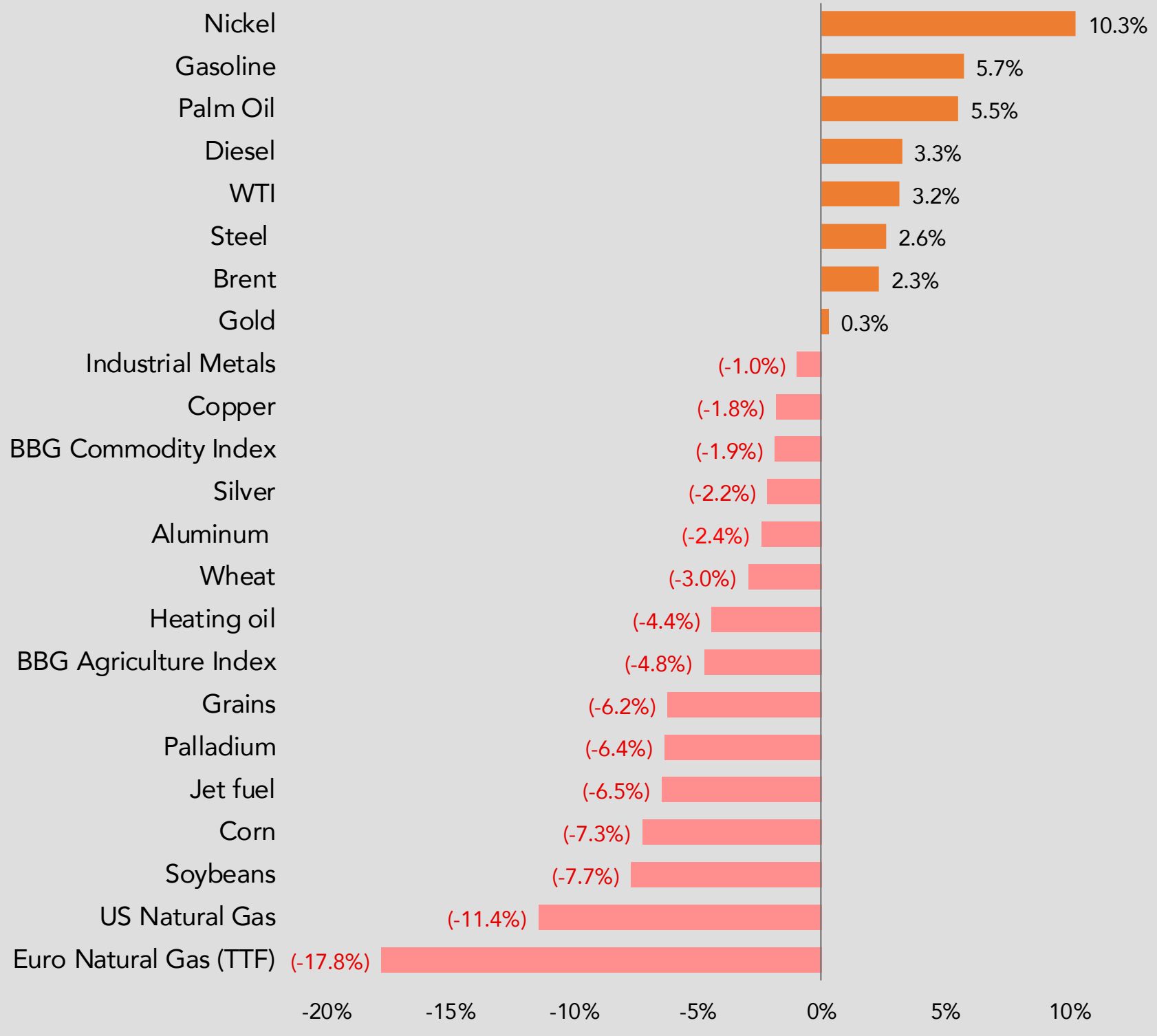
The US Dollar continued its outperformance in February as US economic data remained strong, markets re-priced the timing and magnitude of 2024 Fed easing and high geopolitical risk continued to drive intermittent flights to quality. Conversely, the Yen weakened considerably in February, passing through the 150 USD/JPY threshold for the first time since November 2023. Markets are particularly focused on when the BoJ may raise rates out of negative territory with latest pricing pointing to after April wage negotiations rather than in the March meeting.

**February currencies monthly performance vs. USD**



In the commodities complex, the steep decline in natural gas prices was the most significant energy sector development in February. On an inflation-adjusted basis, US natural gas is trading near its lowest level in nearly 35 years. Oil prices, conversely, strengthened on the month due to ongoing concerns over Middle East supply given both geopolitical tensions and expectations for continued OPEC+ supply discipline.

**February commodities performance**



Source: (1-5) Bloomberg. Data as of February 29, 2024. All values are total return for the month except commodities and currencies, which are price change. Commodities Index and Agriculture Index are total return. CFR, FT, "Tech companies cash in on frothy stock rally with convertible bond sales". WSJ, "It's Nvidia's Stock Market. You Choose How to Live in It", "Natural Gas Hasn't Been This Cheap in Decades". MUFGBX March 2024 Monthly Outlook (Derek Halpenny). MUFGBX Commodities Weekly (Ehsan Khoman).

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**"Macro stability isn't everything, but without it, you have nothing."**