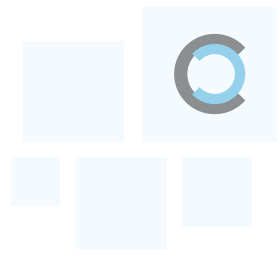


House View

Q1 2024



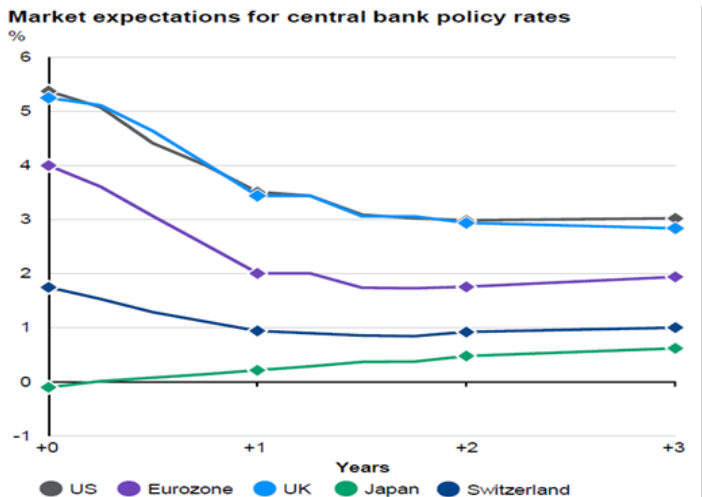


Key Highlights

- The global economy faces a slowdown due to increased capital costs, but resilient consumers and a supportive government mindset prevent an imminent recession.
- The disinflation process is still ongoing, but with some volatility expected in inflation figures in the coming months due to technical effects.
- Central banks on hold for at least first quarter 2024. Rates cuts from Q2 expected. Price stability could be achieved sooner than feared.
- The start of US presidential primaries could be a potential source of surprises.



Source: Bloomberg



Source: Bloomberg



Macroeconomic View

World

INFLATION

RATES

- Global economic activity is expected to decelerate in the coming quarters, especially in the United States.
- The disinflation process should continue with inflation ending the year just above central banks' targets. Developed economies will benefit from a continued improvement in household real incomes.

USA

INFLATION

RATES

- Weaker PMI data, tighter lending standards and a contracting demand for borrowing will end up in a substantial slowdown in economic activity for the first quarter of 2024.
- The positive wealth effect driven by rising equity markets in 2023, higher wages and stabilizing house prices provide support to US consumption and corporates' revenues.
- FED on hold for q1 24. Softening of the labor market will be needed to start cutting rates and declare victory over inflation. First cut expected in Q2.

Europe

INFLATION

RECESSION

- In the near term, GDP growth is set to remain stagnant in the eurozone, macroeconomic data are still weak suggesting the economy remains fragile.
- The continued decline in inflation and the improvement of real wages should support consumption.
- Drop in inflation sparks 2024 rate cut expectations. No ECB move in Q1.

Emerging Markets

CHINA

INDIA

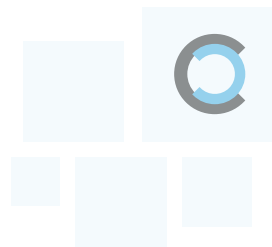
- Property market mess continues to weigh on Chinese economic outlook, GDP growth set to remain below its historical norms.
- Focus on India, positive demographics, positive structural reform momentum and strong domestic consumption will support growth.

Upside on Base Scenario

- A faster decline in inflation and a real wage growth support consumer demand enhancing spending power.
- De-escalation of Ukraine / Russia and Middle East conflicts.
- Economic growth in Asia accelerates boosting demand for Eurozone exports.

Downside on Base Scenario

- Inflation more persistent than expected. Second wave of inflation.
- Central banks hiking rates again. Tighter credit standards produce a sharper slowdown in consumer demand.
- Escalation of Israel-Hamas and Ukraine war.
- Intensification of US – China tensions.
- Financial accident.



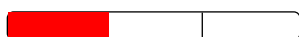
Market View

Liquidity

Tactical 3 Months
Underweight

Strategic 12 Months
Neutral

Liquidity



Liquidity



- Invest in short term bonds instead, which offer interesting yields in USD and Euro.

Fixed Income

Tactical 3 Months
Neutral

Strategic 12 Months
Overweight

Investment Grade



Investment Grade



High Yield



High Yield



- Lock in yields of good quality bonds in 3 to 5 years maturity
- Crossover segment offers risk reward ratio (watch out for duration). Avoid single B to BB- segments.
- Default rates will keep rising.

Equities

Tactical 3 Months
Neutral

Strategic 12 Months
Underweight

USA



USA



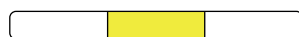
Europe



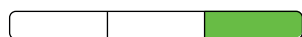
Europe



Switzerland



Switzerland



Emerging Markets



Emerging Markets



- Focus on quality stocks with strong balance sheet and earnings predictability.
- Switch to less cyclical markets in case of recession
- AI still dominant

FX

Tactical 3 Months

Strategic 12 Months

EUR/USD



EUR/USD



EUR/CHF



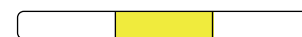
EUR/CHF



USD/CHF



USD/CHF



- USD overvalued Vs. EUR from PPP point of view.
- EURCHF close to fair value, but reluctant to devalue thanks to safehaven status

Gold

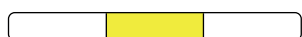
Tactical 3 Months
Neutral

Strategic 12 Months
Neutral

Gold



Gold



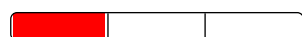
- Nice to have as a partial hedge to equity exposure.
- Opportunity costs weigh on prices.
- Fundamentally overbought (vs real yields) but supported by Central Banks purchases

Oil

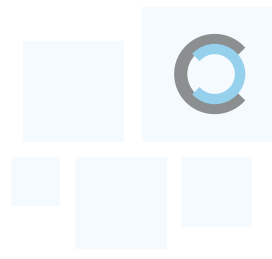
Tactical 3 Months
Neutral

Strategic 12 Months
Underweight

Oil



- Geopolitics and Supply concerns will support prices, but recession fears could weigh.
- OPEC will be challenged from inside and from the US



Insights & Calendar

World Indices

As of 31/12/23

	3 Month	YTD
DJIA	● 12.5%	● 13.7%
S&P 500	● 11.2%	● 24.2%
NASDAQ	● 13.6%	● 43.4%
Nikkei 225	● 5.0%	● 28.2%
Euro Stoxx 50	● 8.3%	● 19.2%
SMI	● 1.6%	● 3.8%

Commodities

As of 31/12/23

	3 Month	YTD
Crude Oil WTI	● 21.1%	● 10.7%
Natural Gas	● 32.4%	● 61.4%
Gold	● 11.6%	● 13.1%
Silver	● 7.3%	● 0.7%
Copper	● 3.5%	● 2.2%

Rates 10 Years

As of 31/12/23
Perf. Perf.

	Actual	3M BPS	YTD BPS
USA	3.88%	● 69	● 1
Germany	2.02%	● 81	● 55
Italy	3.70%	● 108	● 101
Spain	2.99%	● 94	● 67
UK	3.54%	● 90	● 13
Japan	0.61%	● 15	● 19

Currency / Crypto

As of 31/12/23


	3 Month	YTD
CHF vs USD	● 8.8%	● 9.8%
USD vs EUR	● 4.2%	● 3.0%
CHF vs EUR	● 4.2%	● 6.6%
GBP vs EUR	● 0.0%	● 2.2%
BTC vs USD	● 57.0%	● 157.0%
ETH vs USD	● 35.8%	● 90.3%

January


Jan 15-19, 2024

World Economic Forum, Davos

Jan 25, 2024


BCE Meeting 

Jan 31, 2024

FOMC FED Meeting 


February

Feb 1, 2024


BOE Meeting 

March


Mar 7, 2024

BCE Meeting 


Mar 17, 2024

Presid. election, Russia 

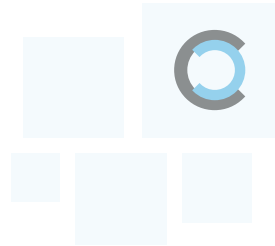
Mar 20, 2024

FOMC FED Meeting 

Mar 21, 2024

BOE Meeting 

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