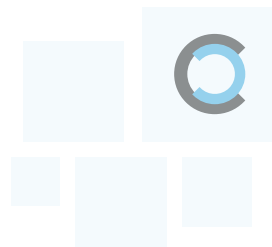


House View

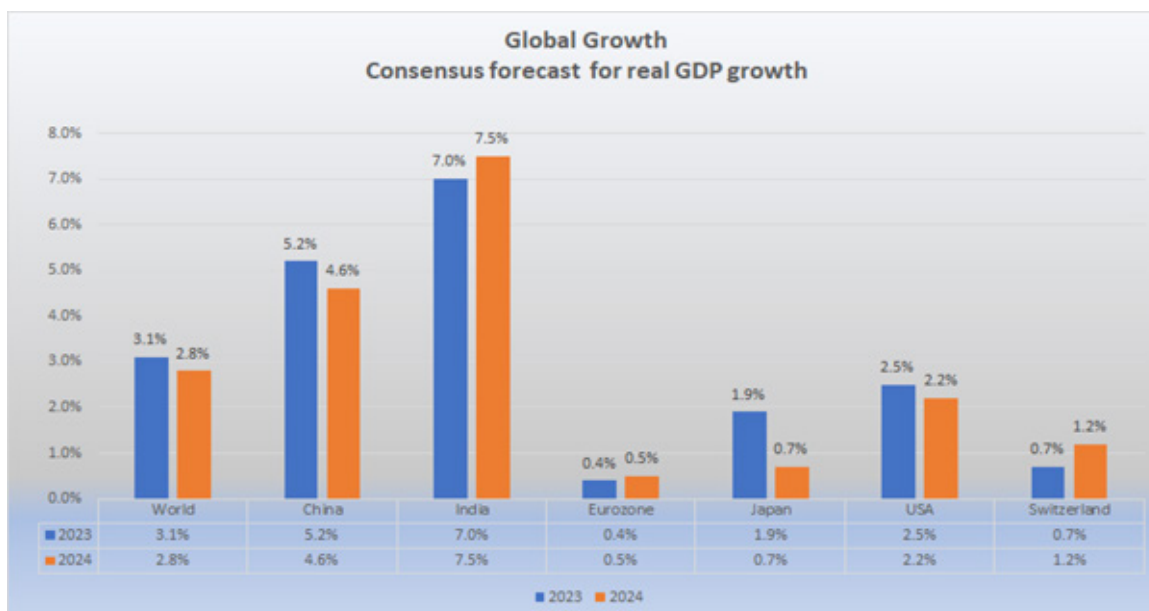
Q2 2024





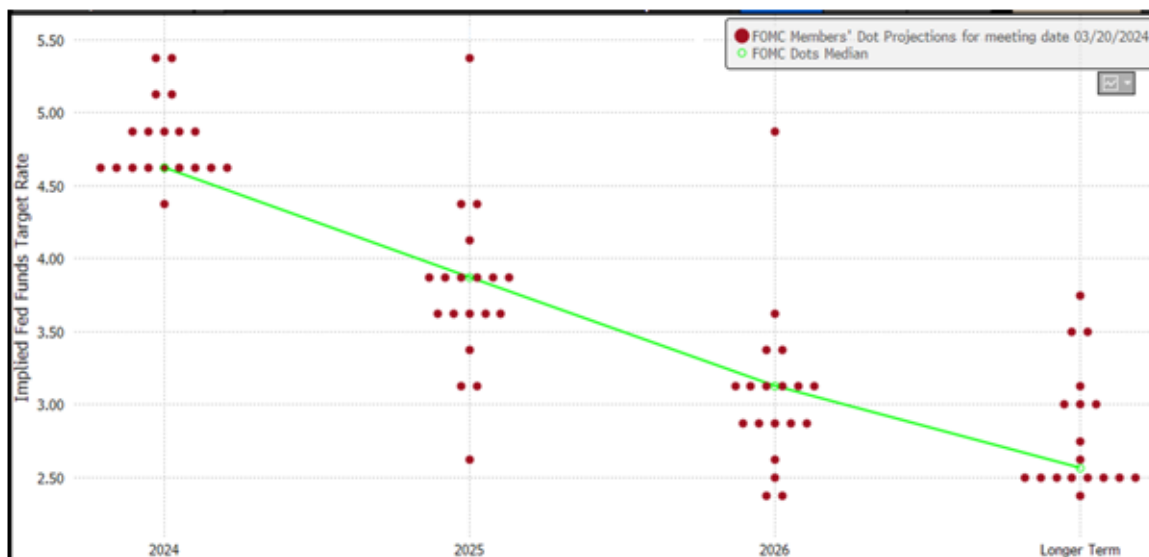
Key Highlights

- Global economic growth is more robust and resilient than expected. Fed growth forecasts for 2024 were revised higher, from 1.4% to 2.1%.
- Base case scenario: no hard landing.
- The disinflation process is still ongoing. FED and ECB are ready to ease monetary policy. First rate cuts expected in June.
- Dominant themes in the stock market are: Artificial Intelligence, the arms industry, and weight loss drugs.



Source: Bloomberg

MARCH 2024 FOMC FED FUNDS RATE PROJECTIONS (THE "DOTS")



Source: Bloomberg



Macroeconomic View

World

GROWTH

RATES

- Global growth expected at 2.8% in 2024, down from 3.1% in 2023. Soft landing is the most likely scenario.
- Headline Inflation is globally coming down, core inflation still sticky (shelters, labour costs)
- Central banks are reluctant to cut interest rates too soon given the resilience of economic growth.

Europe

GROWTH

RATES

- GDP growth is set to remain weak, +0.5% expected for 2024. Growth well below potential especially in Germany and France. PMI data are still weak but show some signs of stabilization.
- Inflation remains above target but declining faster than forecasts, likely back at 2% yoy by the end of the year, 12 months ahead of ECB expectations.
- The continued decline in inflation, the rise of real wages and accumulated excess savings should support consumption. Consumer's confidence is improving.

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.

USA

GROWTH

RATES

- Economic growth more resilient than expected and revised higher by the FED
- Near-term inflation may firm somewhat but the broader disinflationary trend remains intact.
- FED on hold until June meeting. Softening of the labor market will be needed to start cutting rates. The FED needs to be not too proactive.
- Rising equity markets, higher wages and stabilizing house prices provide support to US consumption and confidence. On the other hand, rising credit card and auto loan delinquencies represent a brake on rampant consumption.

Emerging Markets

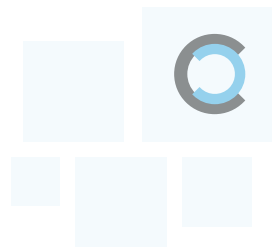
CHINA

INDIA

- In China, the domestic economy still facing challenges with disappointing retail sales and further deterioration in housing activity. Additional stimulus measures are needed to reach the growth target (5%).
- Focus on India, positive demographics, positive structural reform momentum and strong domestic consumption will support growth. No big surprises from general elections expected.
- EM growth should outperform DM. The shape and scale of China rebound will be important for commodities/services exporters.

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.



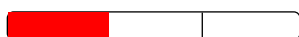
Market View

Liquidity

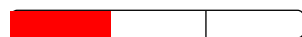
Tactical 3 Months
Underweight

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

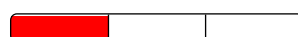
Investment Grade



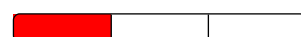
Investment Grade



High Yield



High Yield



- Lock in yields of good quality bonds in 3 to 5 years maturity
- Crossover segment still offers some values. Avoid single B to BB- segments.
- High Yields spreads and default rates rise.

Equities

Tactical 3 Months
Neutral

Strategic 12 Months
Underweight

USA



USA



Europe



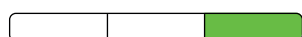
Europe



Switzerland



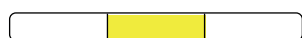
Switzerland



Emerging Markets



Emerging Markets



- Focus on quality stocks with strong balance sheet and earnings predictability.
- Pharma valuations looks attractive.
- Artificial Intelligence, the arms industry, and weight loss drugs 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 returning to parity

Gold

Tactical 3 Months
Neutral

Strategic 12 Months
Neutral

Gold



Gold



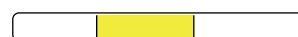
- Nice to have as a partial hedge to equity exposure.
- Opportunity costs weigh on prices.
- Fundamentally overbought (vs real yields) but supported by Central Banks purchases (China)

Oil

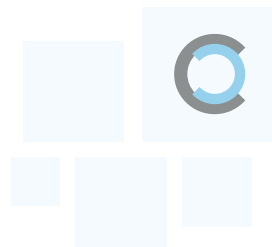
Tactical 3 Months
Neutral

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 31/03/24

	3 Month	YTD
DJIA	● 5.6%	● 5.6%
S&P 500	● 9.1%	● 9.1%
NASDAQ	● 8.2%	● 8.2%
Nikkei 225	● 20.7%	● 20.7%
Euro Stoxx 50	● 12.4%	● 12.4%
SMI	● 5.3%	● 5.3%

Commodities

As of 31/03/24

	3 Month	YTD
Crude Oil WTI	● 15.3%	● 15.3%
Natural Gas	● 25.5%	● 25.5%
Gold	● 6.0%	● 6.0%
Silver	● 2.5%	● 2.5%
Copper	● 3.5%	● 3.5%

Rates 10 Years

As of 31/03/24
Perf. Perf.


	Actual	3M BPS	YTD BPS
USA	4.23%	● 35	● 35
Germany	2.35%	● 33	● 33
Italy	3.65%	● 5	● 5
Spain	3.15%	● 16	● 16
UK	3.93%	● 39	● 39
Japan	0.71%	● 10	● 10


Currency / Crypto


As of 31/03/24

	3 Month	YTD
CHF vs USD	● 6.6%	● 6.6%
USD vs EUR	● 2.2%	● 2.2%
CHF vs EUR	● 4.5%	● 4.5%
GBP vs EUR	● 1.4%	● 1.4%
BTC vs USD	● 66.1%	● 66.1%
ETH vs USD	● 53.0%	● 53.0%


April


Apr 11, 2024 
BCE Meeting

Apr 26, 2024 
BOJ Meeting


APRIL- MAY 
INIDAN Election


May


May 1, 2024 
FOMC FED Meeting


May 9, 2024 
BOE Meeting

June

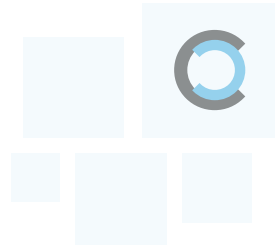
Jun 2, 2024 
MEXICO Election

Jun 6, 2024 
BCE Meeting

Jun 12, 2024 
FOMC FED Meeting

Jun 20, 2024 
BOE Meeting

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