

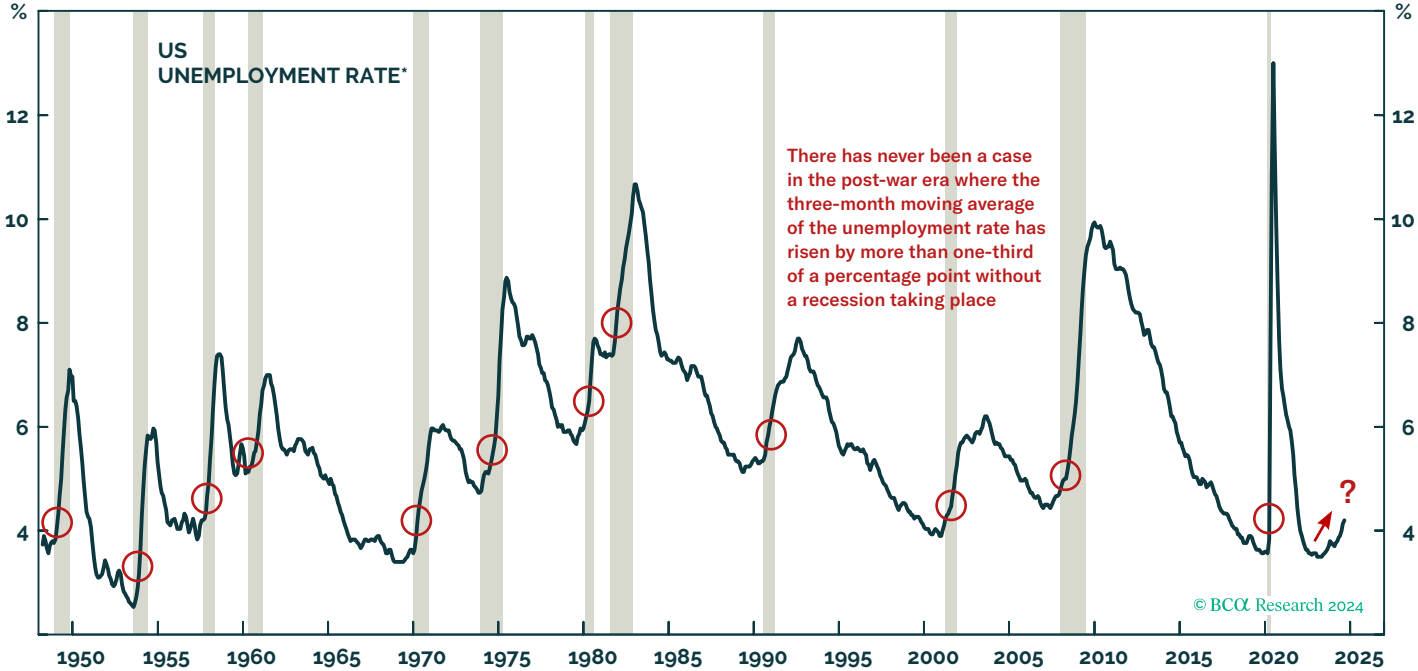
Fourth Quarter 2024 Strategy Outlook: Soft Landing Or Quicksand?

Peter Berezin

Chief Global Strategist

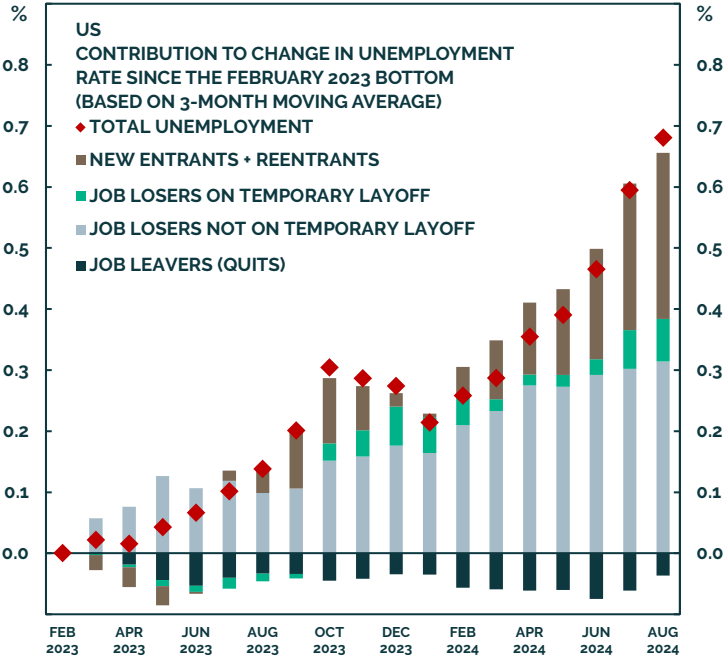
Director of Research

The Unemployment Rate Is A Highly Mean-Reverting Series



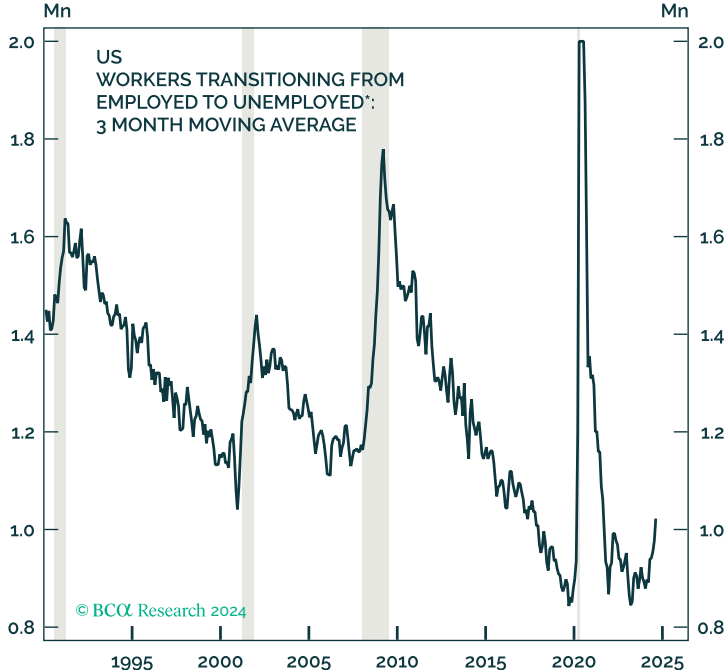
* SHOWN AS A 3-MONTH MOVING AVERAGE.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS; CIRCLES IN THE CHART DENOTE THE TIMES WHEN THE 3-MONTH MOVING AVERAGE OF THE UNEMPLOYMENT RATE INCREASED BY MORE THAN ONE-THIRD OF A PERCENTAGE POINT FROM PRIOR LOWS.

Rising Labor Supply Does Not Fully Explain The Increase In Unemployment



NOTE: THERE IS A MINOR DISCREPANCY BETWEEN THE TOTAL UNEMPLOYED (RED DIAMOND) AND THE SUM OF UNEMPLOYED BY REASON OF UNEMPLOYMENT (STACKED BAR).

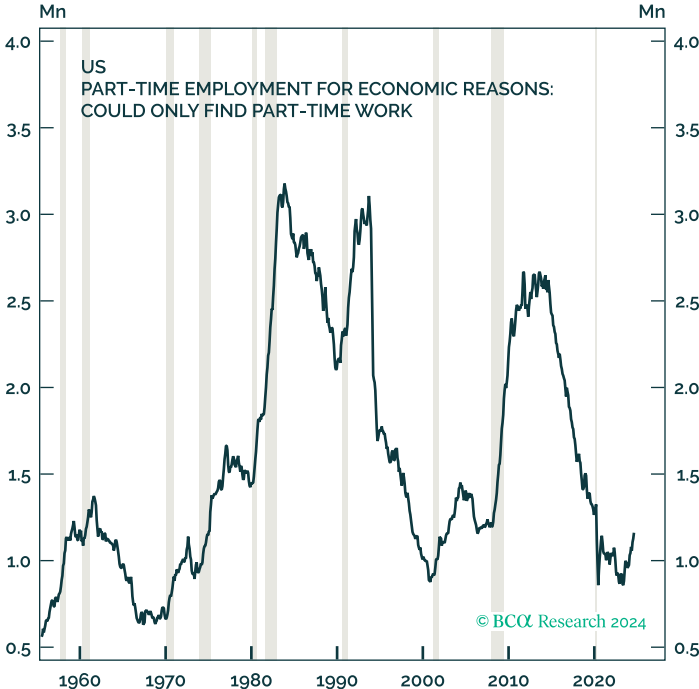
© BCO Research 2024



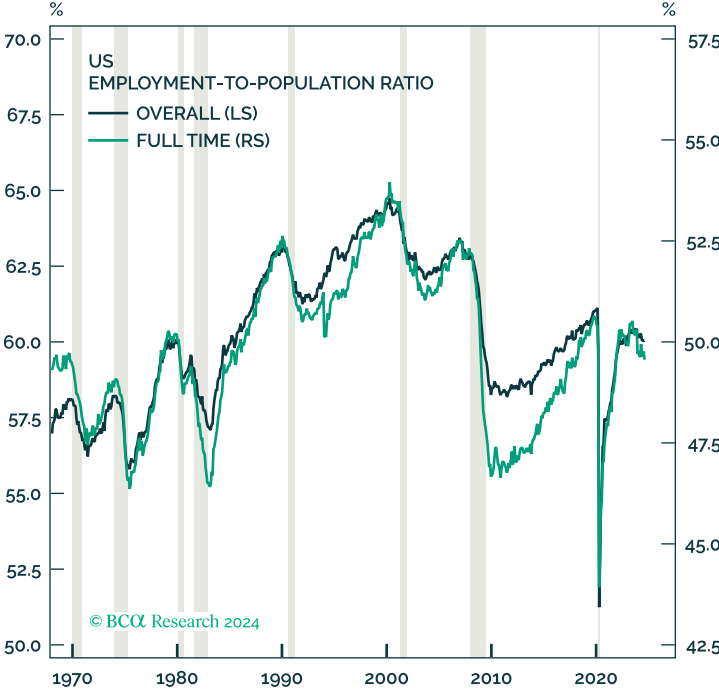
* SERIES TRUNCATED AT 2 MILLION. SOURCE: BUREAU OF LABOR STATISTICS (BLS).

NOTE: SHADED AREAS DENOTE NBER-DESIGNATED US RECESSIONS.

More People Are Working... Part Time

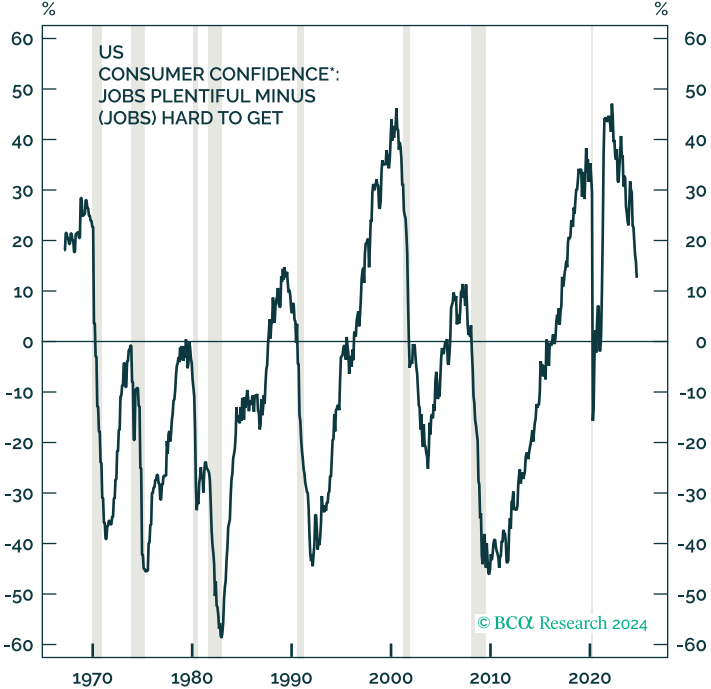


SOURCE: BUREAU OF LABOR STATISTICS (BLS).
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.



* SERIES SHOWN AS A 3-MONTH MOVING AVERAGE.
SOURCE: BUREAU OF LABOR STATISTICS (BLS).
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

It's Not Just Labor Market Normalization Anymore

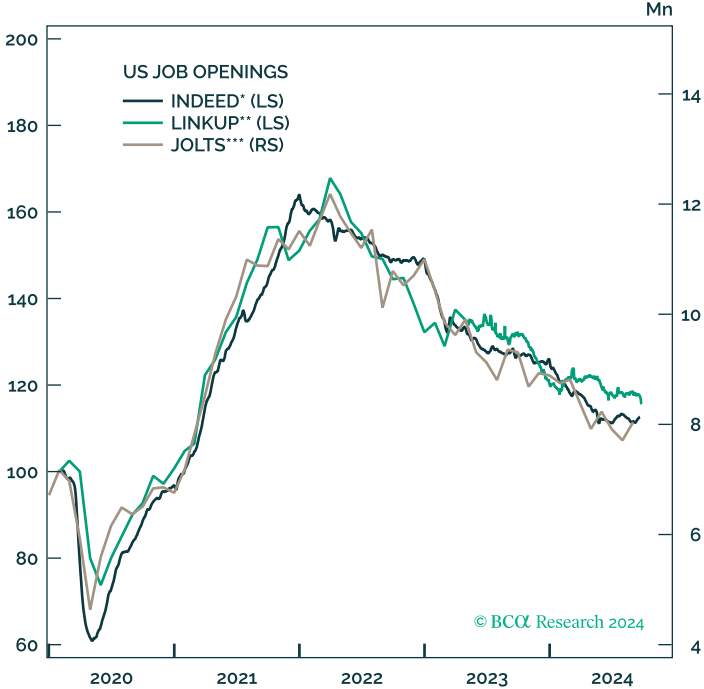


* SOURCE: THE CONFERENCE BOARD.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

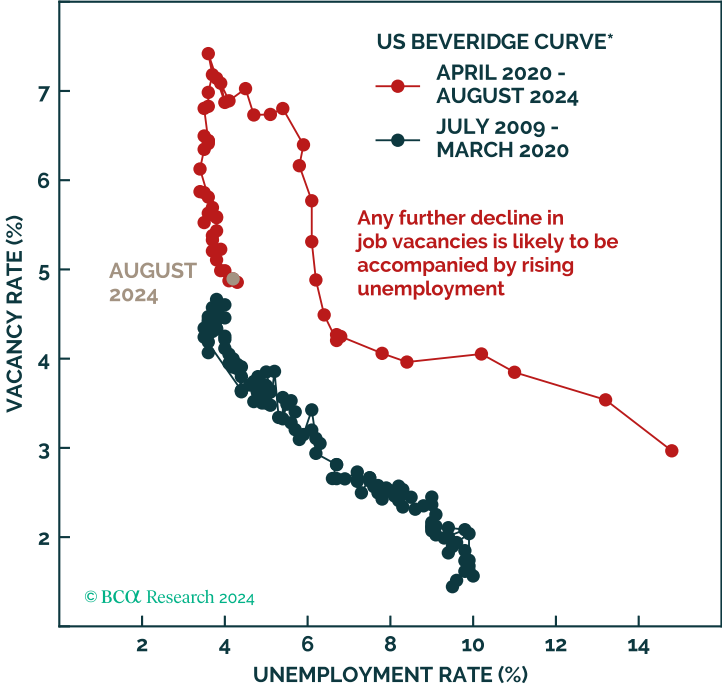
FIRST MONTH OF RECESSION*	PRE-RECESSION PEAK OF THE CONFERENCE BOARD LABOR DIFFERENTIAL**	LAG (MONTHS)
JAN '70	NOV '68	14
DEC '73	NOV '73	1
FEB '80	MAY '79	9
AUG '81	MAY '81	3
AUG '90	APR '89	16
APR '01	JUL '00	9
JAN '08	MAR '07	10
MAR '20	AUG '19	7
...	MAR '22	...
AVERAGE:		8.6
AVERAGE EXCLUDING PANDEMIC RECESSION:		8.9

* THE FIRST MONTH OF A RECESSION IS THE MONTH FOLLOWING THE NBER-DEFINED BUSINESS CYCLE PEAK.
** CONSUMER CONFIDENCE: JOBS PLENTIFUL MINUS JOBS HARD TO GET. SOURCE: THE CONFERENCE BOARD.

Job Openings Are Approaching A Critical Threshold

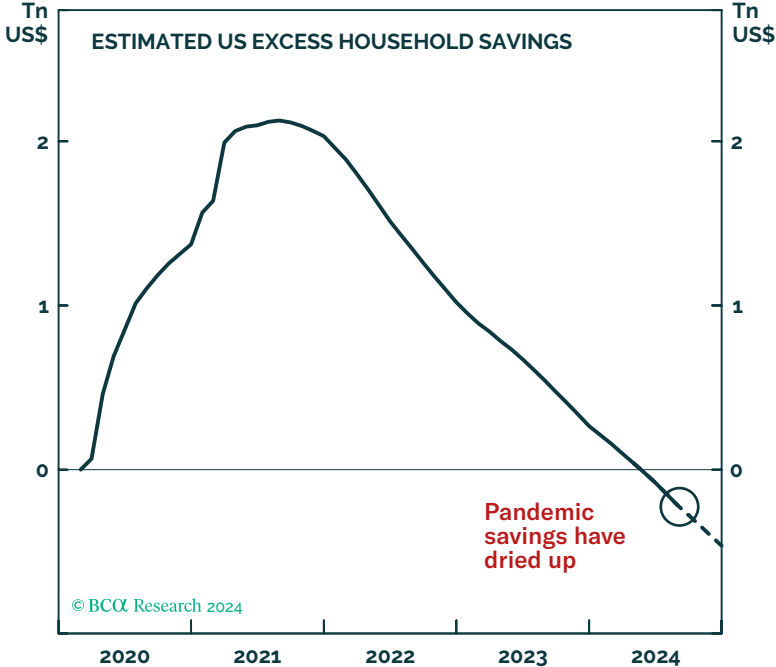


* SERIES INDEXED TO FEB. 1, 2020 = 100. SOURCE: INDEED.
** SERIES INDEXED TO FEB. 1, 2020 = 100. SOURCE: LINKUP.
*** SOURCE: JOB OPENINGS AND LABOR TURNOVER SURVEY (JOLTS), BUREAU OF LABOR STATISTICS (BLS).

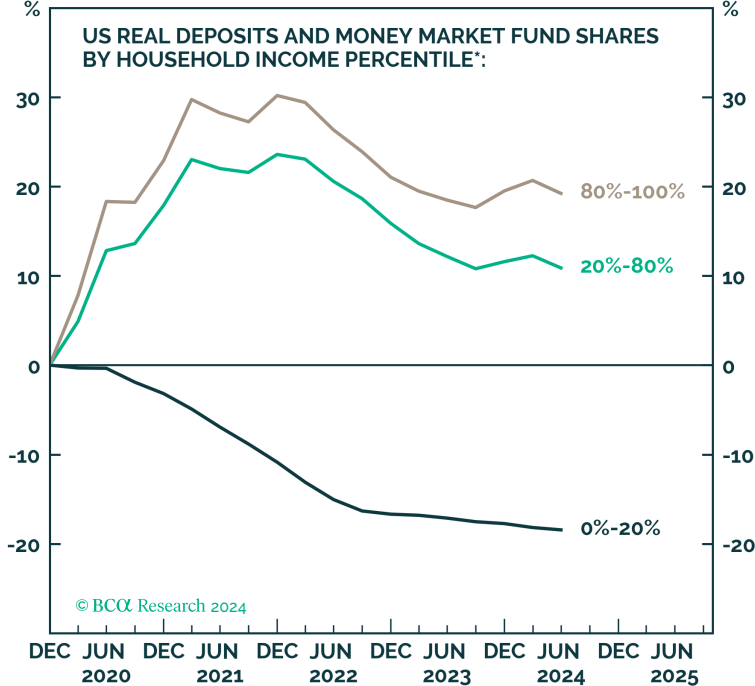


* JOB OPENINGS SINCE JUNE 2022 ARE BASED ON BLS JOLTS JOB OPENINGS, AND ESTIMATES USING LINKUP AND INDEED JOB POSTINGS INDEX.

Excess Pandemic Savings Have Been Depleted, Especially At The Bottom Of The Income Distribution

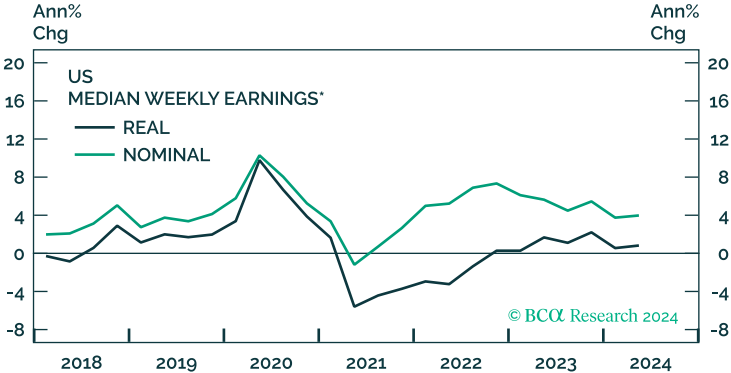


SOURCE: "DATA REVISIONS AND PANDEMIC-ERA EXCESS SAVINGS", H. ABDELRAHMAN AND L. OLIVEIRA, FEDERAL RESERVE BANK OF SAN FRANCISCO, NOVEMBER 8, 2023.

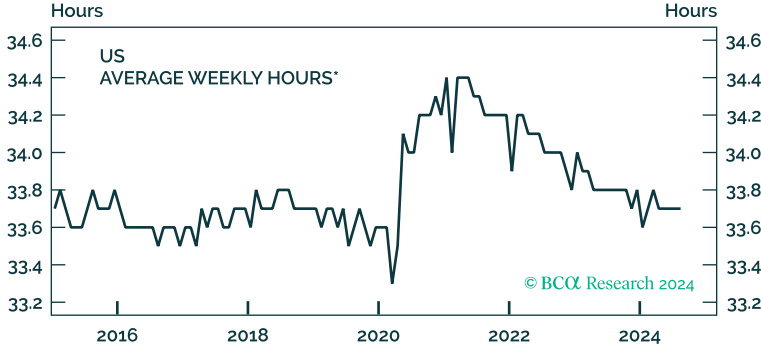


* REBASED TO Q4 2019 = 0%. DEFLATED BY HEADLINE PCE DEFLATOR. SOURCE: US DISTRIBUTIONAL FINANCIAL ACCOUNTS (FEDERAL RESERVE) AND BUREAU OF ECONOMIC ANALYSIS (BEA).

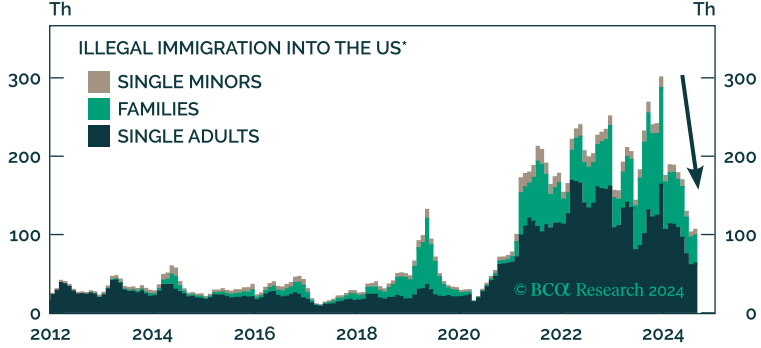
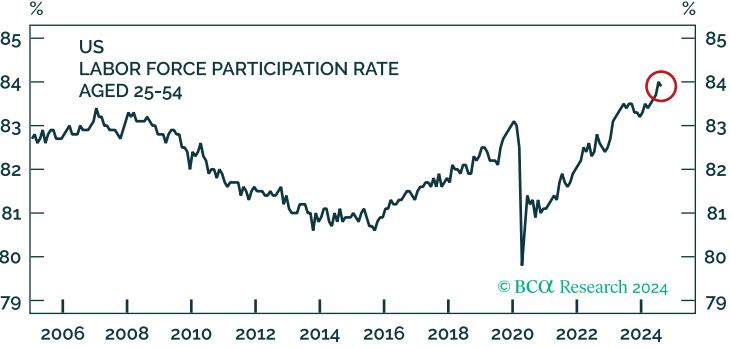
Income Growth Is Set To Slow



* MEDIAN USUAL WEEKLY EARNINGS OF FULL-TIME WAGE AND SALARY WORKERS. SOURCE: BUREAU OF LABOR STATISTICS (BLS).

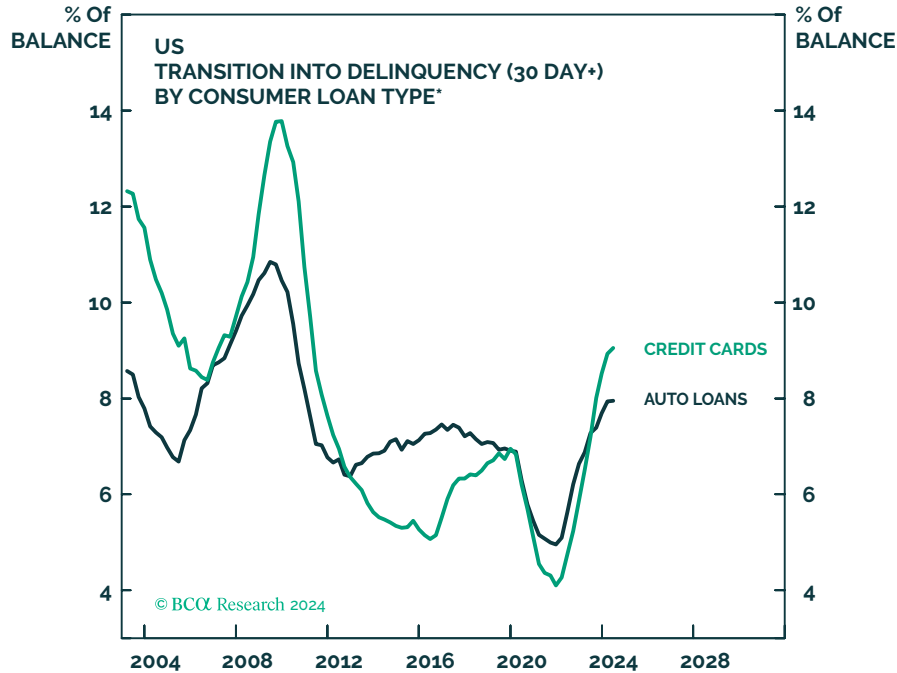


* TOTAL PRIVATE NONFARM PRODUCTION AND NONSUPERVISORY EMPLOYEES. SOURCE: BUREAU OF LABOR STATISTICS (BLS).

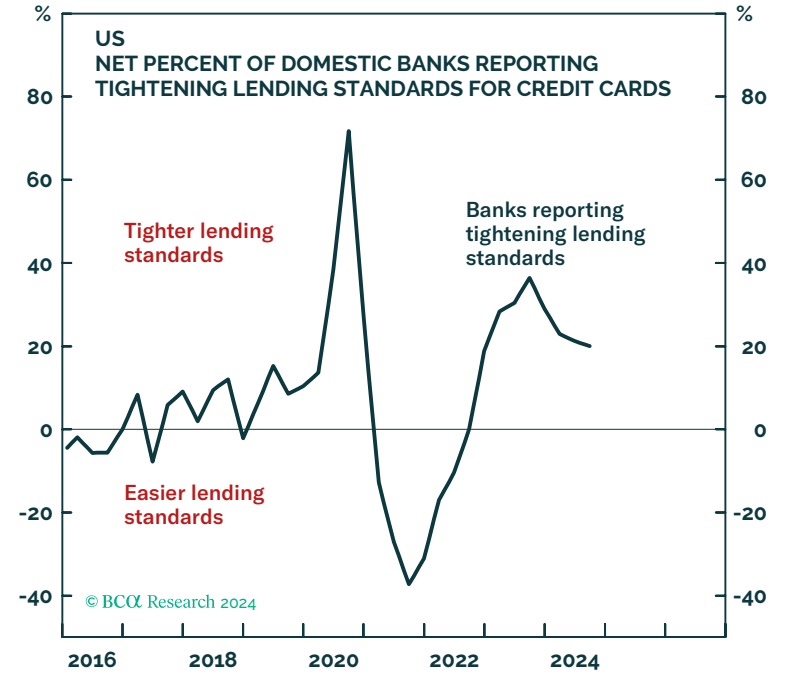


* SOUTHWEST LAND BORDER ENCOUNTERS. JANUARY-SEPTEMBER 2012 DATA ON SINGLE ADULTS INCLUDES FAMILY ENCOUNTERS. SOURCE: US CUSTOMS AND BORDER PROTECTION.

Credit Card Delinquencies Are Back To 2010 Levels

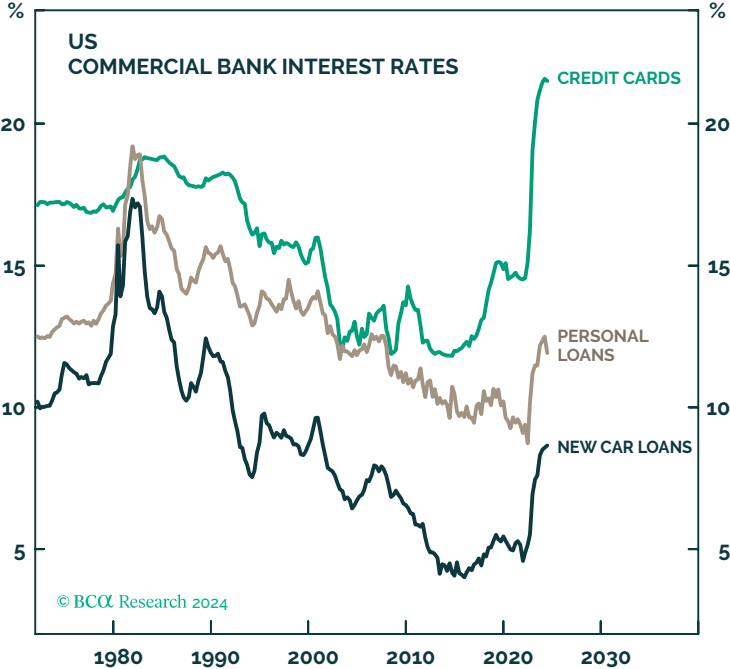


* SHOWN AS A 4-QUARTER MOVING TOTAL.
SOURCE: FEDERAL RESERVE BANK OF NEW YORK.

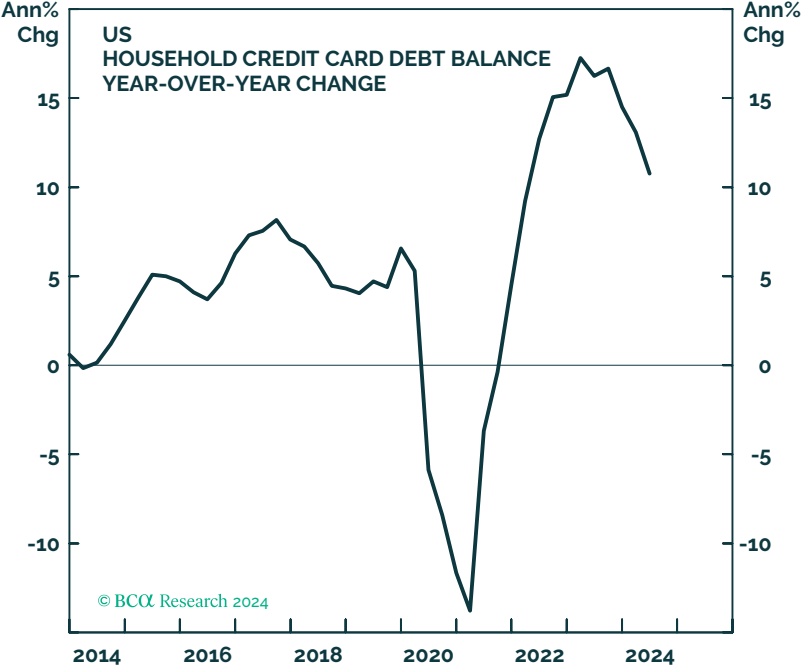


SOURCE: FEDERAL RESERVE, SENIOR LOAN OFFICER OPINION SURVEY.

Credit Card Spending Will Slow Further

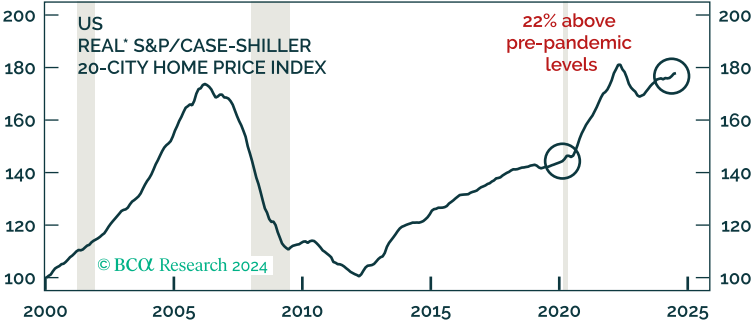


SOURCE: FEDERAL RESERVE.

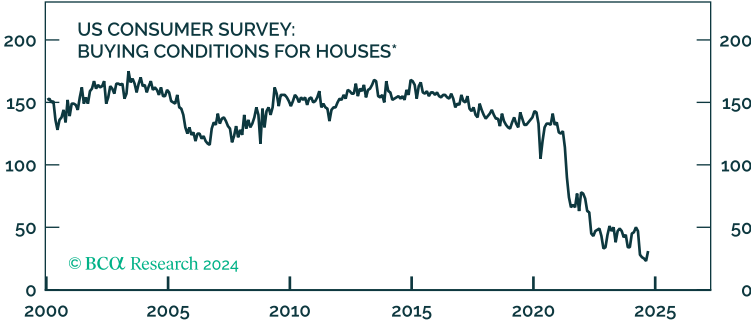


SOURCE: FEDERAL RESERVE BANK OF NEW YORK.

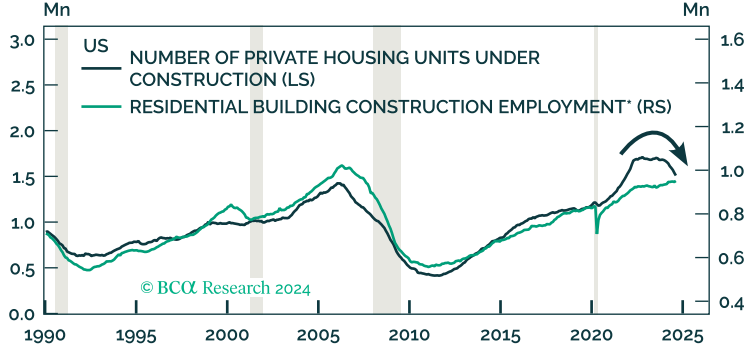
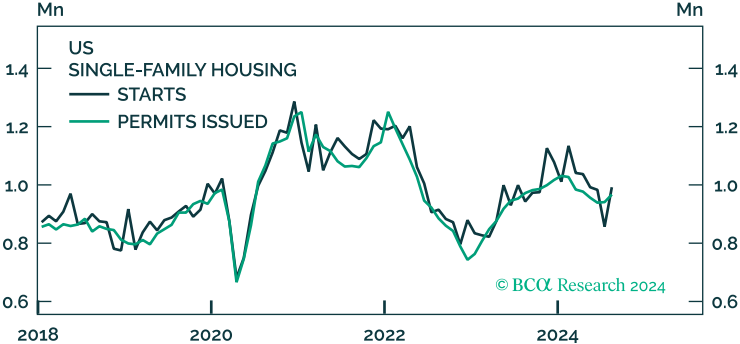
No Glut Of Single-Family Homes, But Prices Are Too High



* DEFLATED BY HEADLINE CPI, REBASED TO JANUARY 2000 = 100. NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

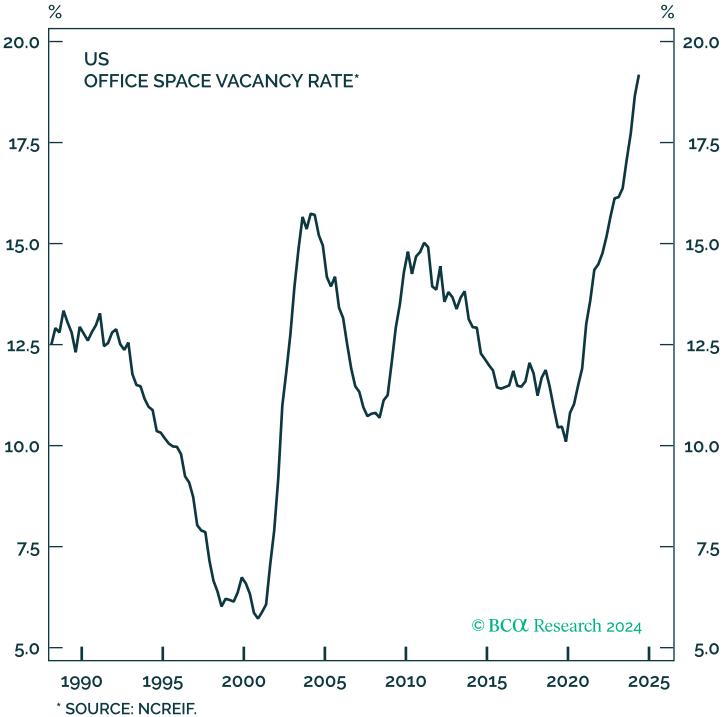


* QUESTION POSED: GENERALLY SPEAKING, DO YOU THINK NOW IS A GOOD TIME OR A BAD TIME TO BUY A HOUSE? SOURCE: UNIVERSITY OF MICHIGAN, SURVEY OF CONSUMERS.



* SOURCE: BUREAU OF LABOR STATISTICS (BLS). NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

The Problems In CRE Are Spreading Beyond Offices

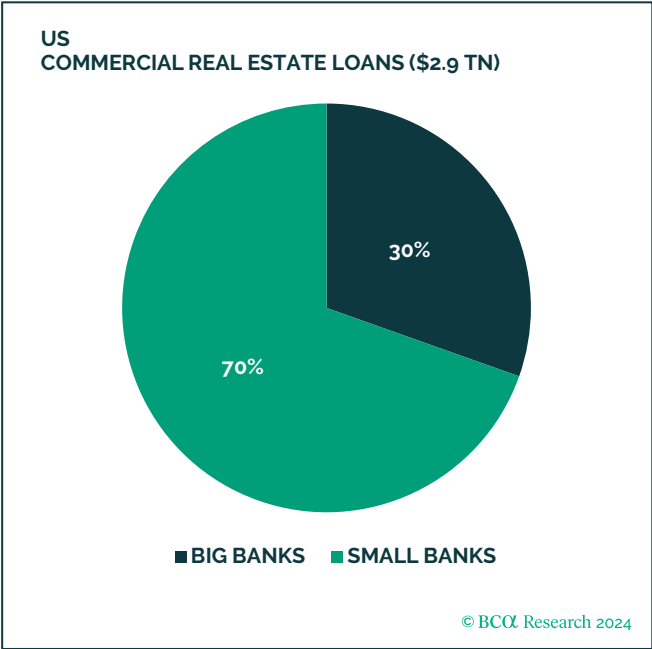


CRED IQ OVERALL DISTRESSED RATES BY PROPERTY TYPE* DELINQUENT AND / OR SPECIALLY SERVICED LOANS

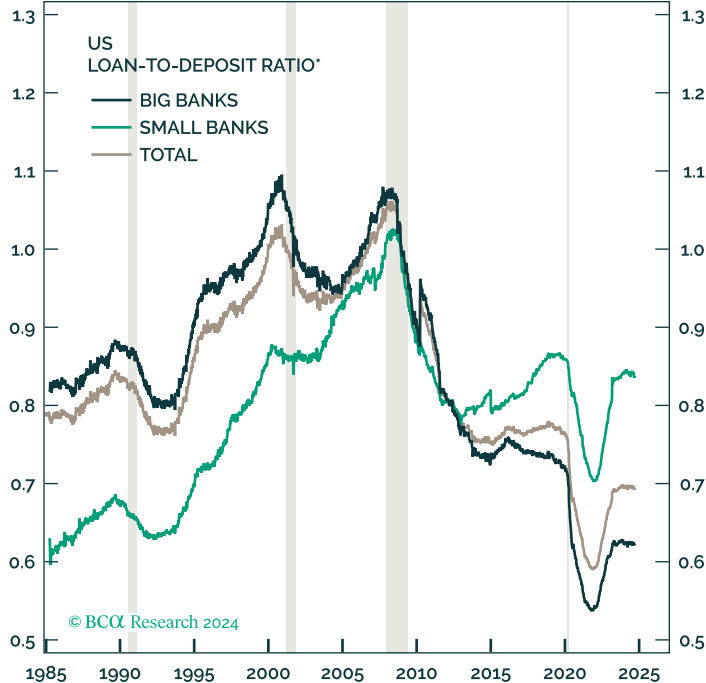
MONTH	MULTIFAMILY	OFFICE	RETAIL	INDUSTRIAL	HOTEL	SELF STORAGE
Mar-23	3.8%	5.0%	11.5%	0.4%	6.3%	0.1%
Apr-23	4.1%	5.8%	11.5%	0.4%	6.4%	0.1%
May-23	4.0%	6.5%	10.6%	0.4%	6.4%	0.0%
Jun-23	4.5%	8.4%	11.2%	0.5%	6.5%	0.0%
Jul-23	4.7%	7.9%	10.7%	0.5%	7.7%	0.0%
Aug-23	5.0%	9.4%	10.7%	0.4%	7.7%	0.0%
Sep-23	4.7%	10.8%	11.2%	0.7%	8.3%	0.1%
Oct-23	5.1%	10.5%	9.5%	1.8%	8.9%	1.3%
Nov-23	2.9%	6.8%	6.6%	4.4%	6.4%	1.3%
Dec-23	4.0%	9.9%	8.4%	0.6%	8.0%	1.1%
Jan-24	2.6%	10.5%	8.0%	0.3%	6.7%	14.4%
Feb-24	3.4%	11.0%	8.4%	1.3%	6.9%	0.1%
Mar-24	3.7%	11.4%	9.5%	0.6%	7.7%	0.1%
Apr-24	7.2%	11.7%	11.9%	0.4%	8.7%	0.1%
May-24	7.1%	11.1%	11.3%	0.5%	9.4%	0.1%
Jun-24	7.4%	11.5%	11.7%	1.0%	8.1%	0.1%
Jul-24	8.4%	12.2%	11.8%	0.8%	7.8%	0.2%
Aug-24	11.0%	13.0%	10.6%	4.6%	8.4%	0.1%

* AS OF AUGUST 31, 2024.
SOURCE: CRED IQ.

Regional Banks Are Not Out Of The Woods

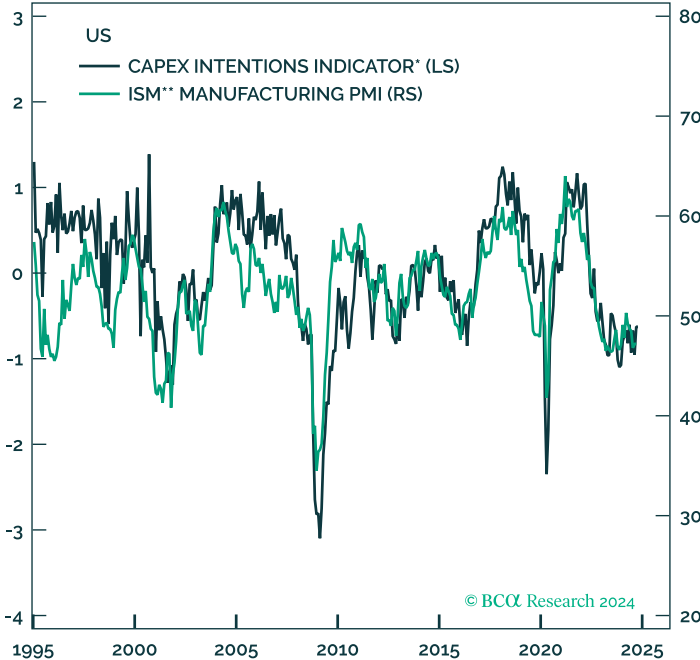
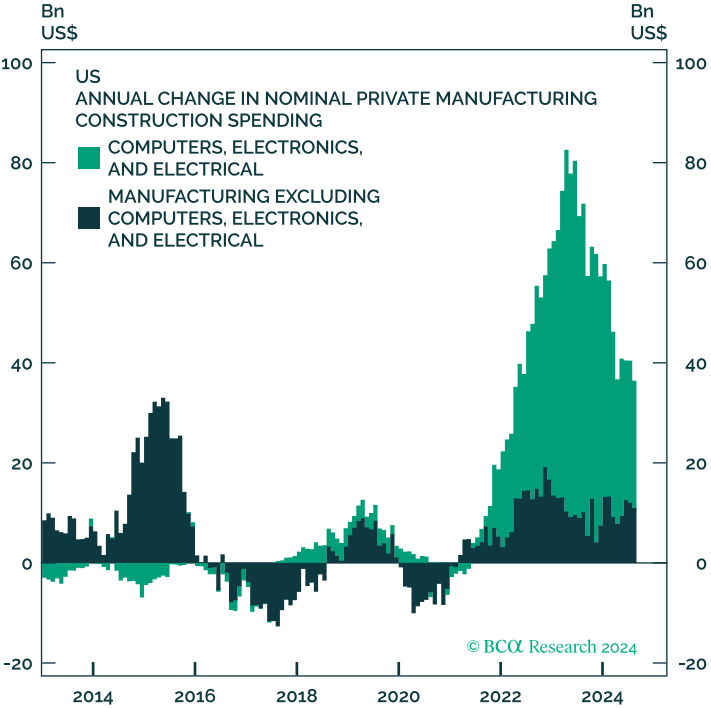


SOURCE: FEDERAL RESERVE.
NOTE: DATA AS OF SEPTEMBER 2024.



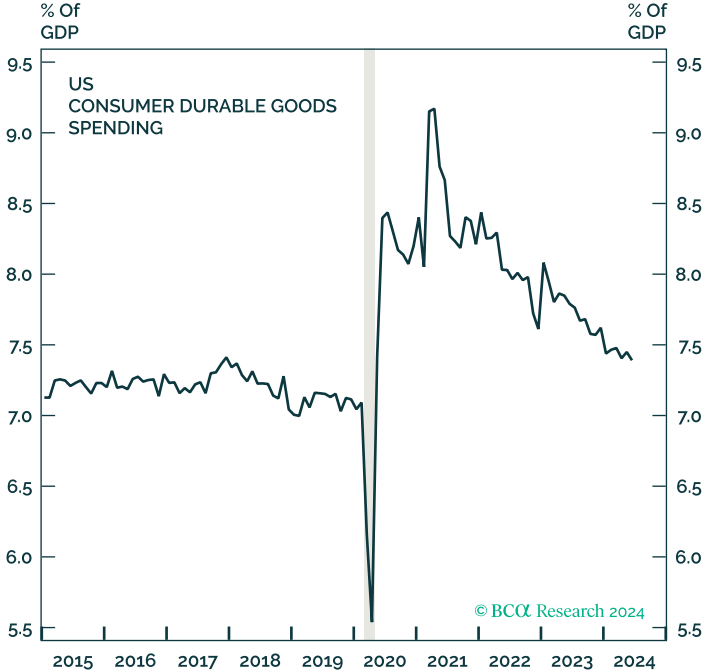
* DOMESTIC CHARTERED COMMERCIAL BANKS. SOURCE: FEDERAL RESERVE.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

Tech Construction Is Slowing While Capex Intentions Remain Weak

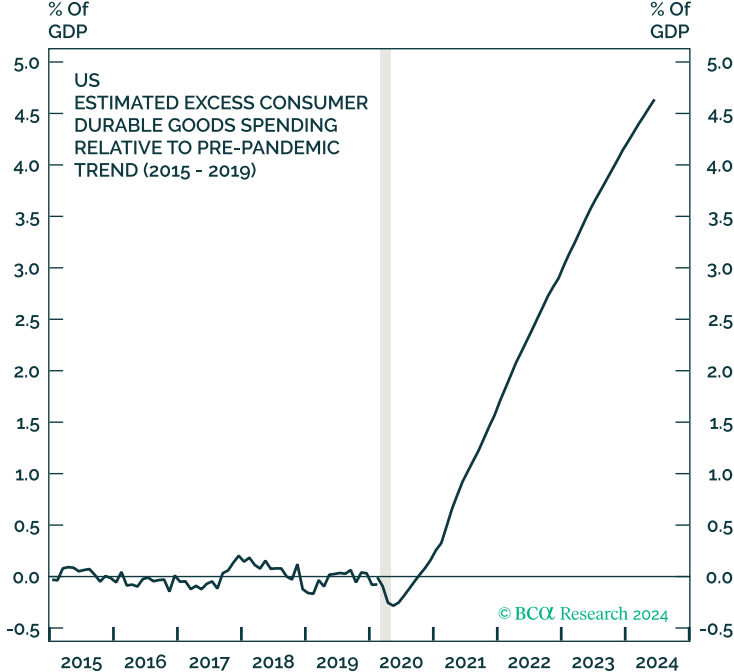


* AVERAGE OF STANDARDIZED CAPITAL EXPENDITURE EXPECTATIONS FOR THE NFIB SURVEY (3-TO-6 MONTHS), DALLAS, KANSAS CITY, NEW YORK EMPIRE, PHILADELPHIA, AND RICHMOND FED REGIONAL SURVEYS (6 MONTHS). LATEST DATA POINT IS AN ESTIMATE.
** INSTITUTE FOR SUPPLY MANAGEMENT.

A Lot Of Consumer Durable Goods Spending Was Brought Forward During The Pandemic

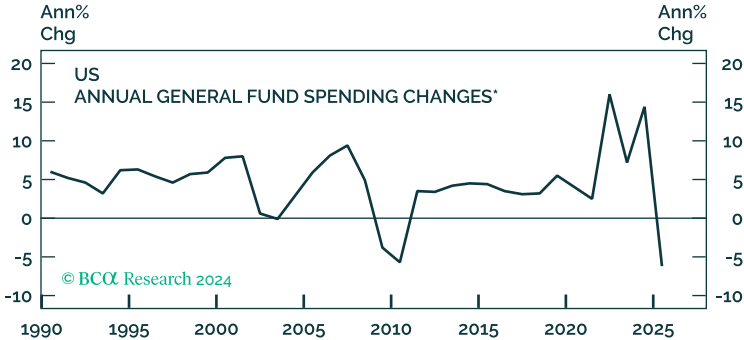


SOURCE: BUREAU OF ECONOMIC ANALYSIS (BEA).
NOTE: SHADED AREA DENOTES NBER-DESIGNATED RECESSION.

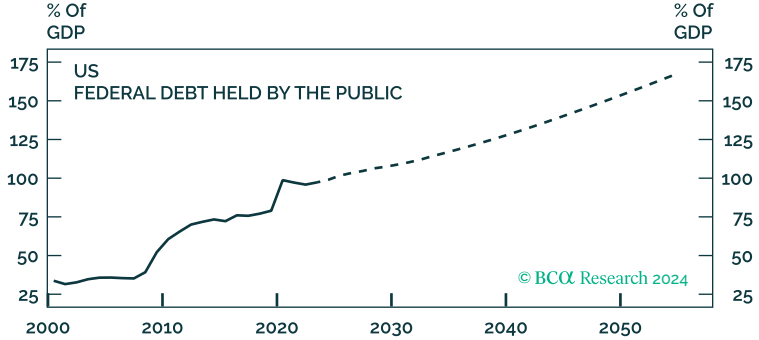


SOURCE: BUREAU OF ECONOMIC ANALYSIS (BEA).
NOTE: SHADED AREA DENOTES NBER-DESIGNATED RECESSION.

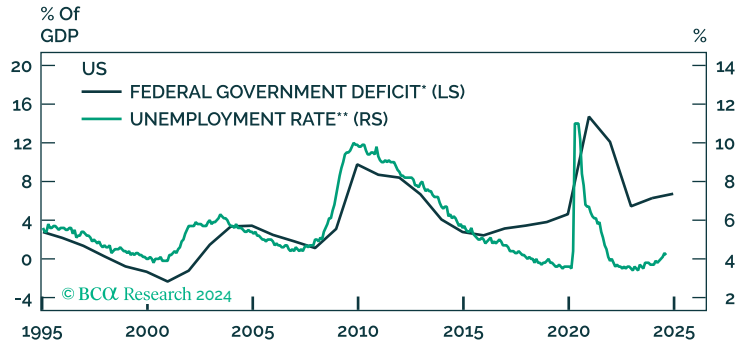
How Countercyclical Will Fiscal Policy Be?



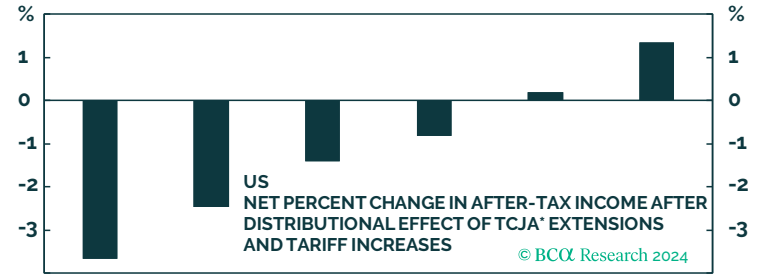
* IN FISCAL YEAR TERMS.
SOURCE: NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS.



SOURCE: US CONGRESSIONAL BUDGET OFFICE.
NOTE: DASHED LINES DENOTE FORECASTS.



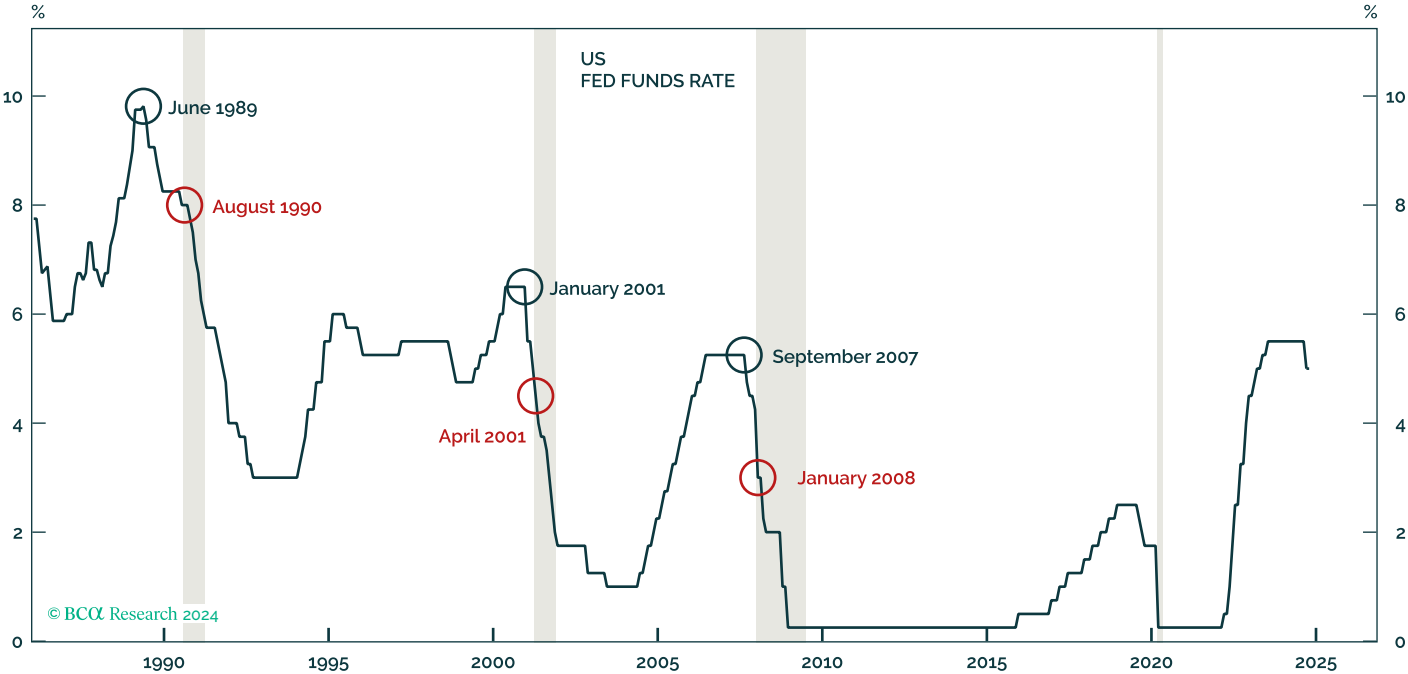
* SOURCE: US CONGRESSIONAL BUDGET OFFICE.
** SHOWN TRUNCATED AT 11%. SOURCE: BUREAU OF LABOR STATISTICS (BLS).



LOWEST QUINTILE SECOND QUINTILE MIDDLE QUINTILE FOURTH QUINTILE TOP QUINTILE TOP 1 PERCENT

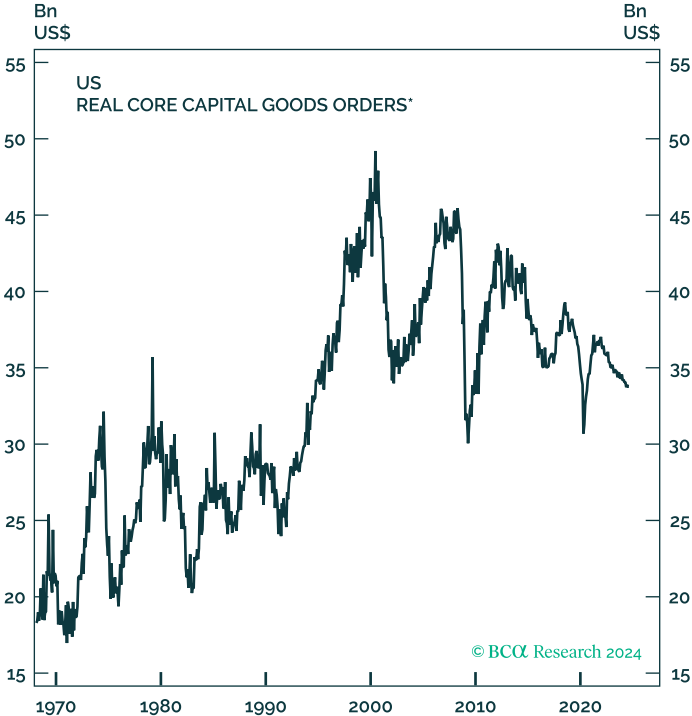
* TAX CUTS AND JOBS ACT.
SOURCE: TAX POLICY CENTER (2022), BUREAU OF LABOR STATISTICS (BLS), AND DEPARTMENT OF TREASURY.
NOTE: FOR FURTHER DETAILS, PLEASE REFER TO FIGURE 6 IN ["WHY TRUMP'S TARIFF PROPOSALS WOULD HARM WORKING AMERICANS."](#) K. CLAUSING AND M. LOVELY, PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS (MAY 2024).
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Recessions Often Start Not Long After The Fed Begins Cutting Rates

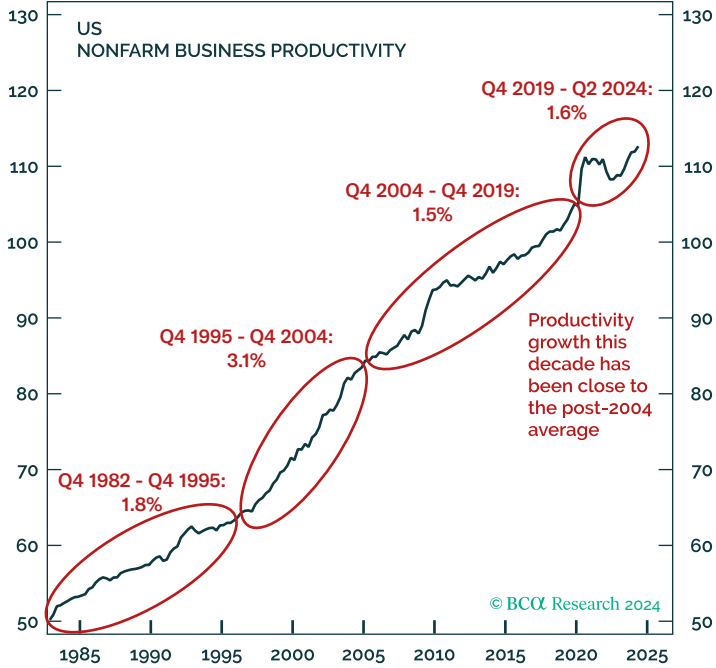


SOURCE: FEDERAL RESERVE.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

This Ain't '95

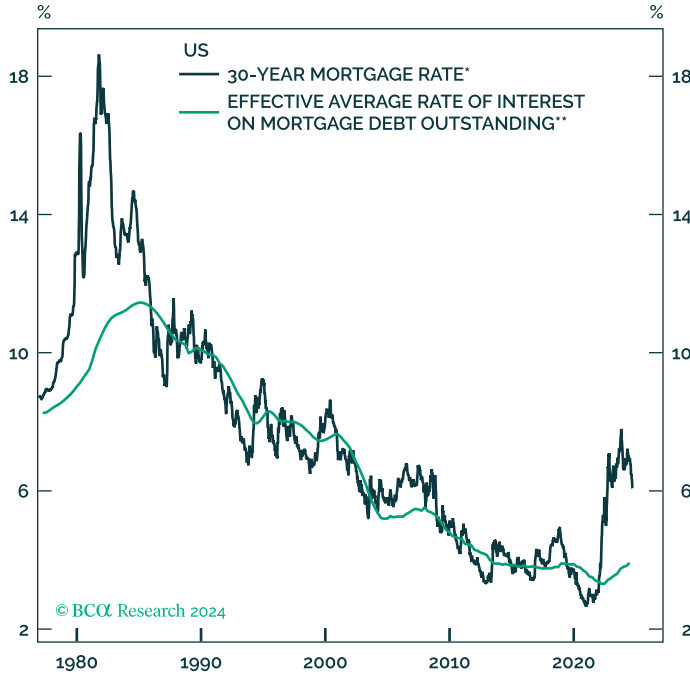


* MANUFACTURING NONDEFENSE CAPITAL GOODS EXCLUDING AIRCRAFT. DEFLATED BY PPI FOR PRIVATE CAPITAL EQUIPMENT. SHOWN IN 1982 US DOLLARS.

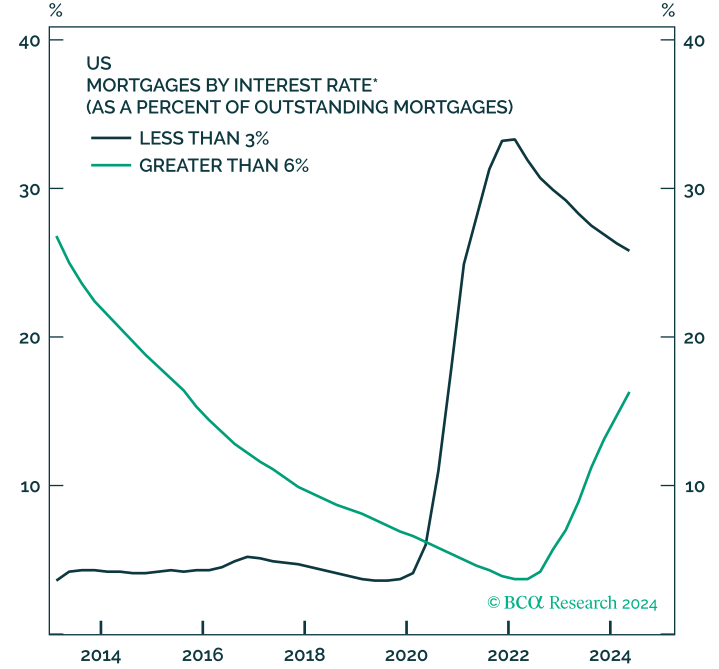


SOURCE: BUREAU OF LABOR STATISTICS (BLS).
NOTE: VALUES IN RED DENOTE ANNUALIZED GROWTH.

Fed Rate Cuts May Not Lead To Lower Borrowing Rates

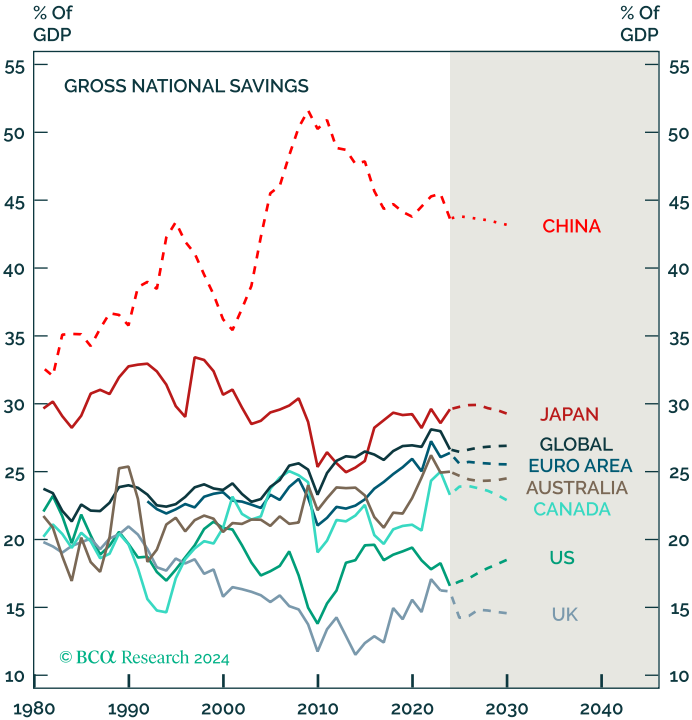


* SOURCE: FEDERAL RESERVE.
 ** SOURCE: BUREAU OF ECONOMIC ANALYSIS (BEA).

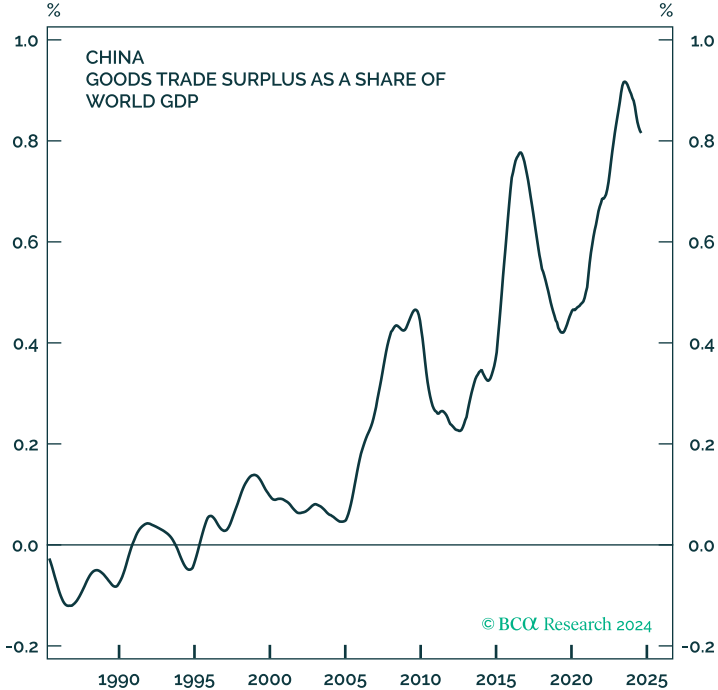


* SOURCE: FHFA NATIONAL MORTGAGE DATABASE, OUTSTANDING RESIDENTIAL MORTGAGE STATISTICS.

China's Structural Problems Are Getting Worse

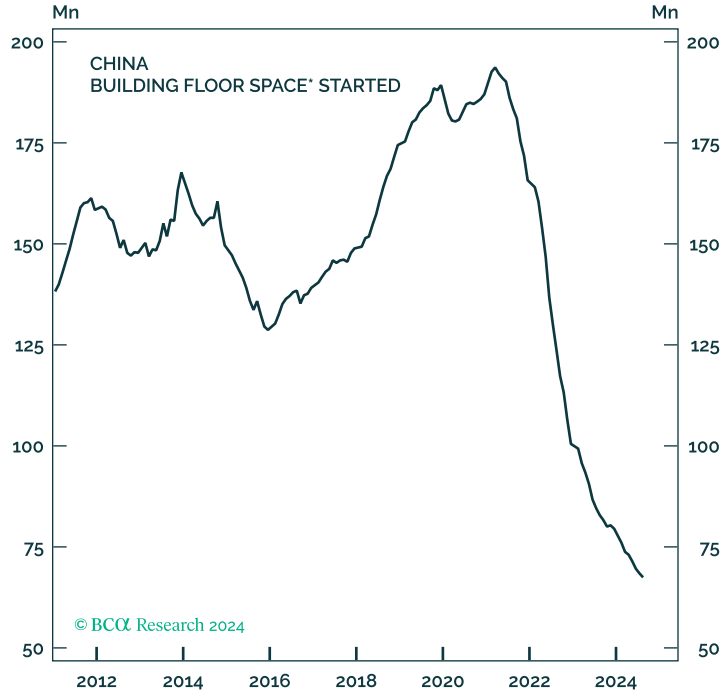


SOURCE: IMF WORLD ECONOMIC OUTLOOK (APRIL 2024).
NOTE: SHADED AREA DENOTES PROJECTIONS.

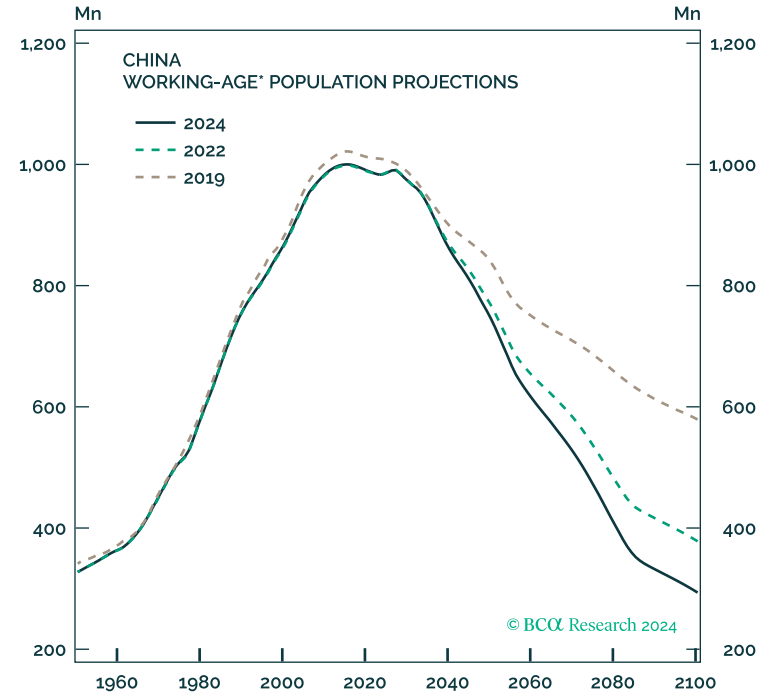


NOTE: SERIES SHOWN AS A 12-MONTH MOVING AVERAGE.
SOURCE: CHINA CUSTOMS STATISTICS INFORMATION CENTER (CCS) AND IMF.

China's Housing Bust

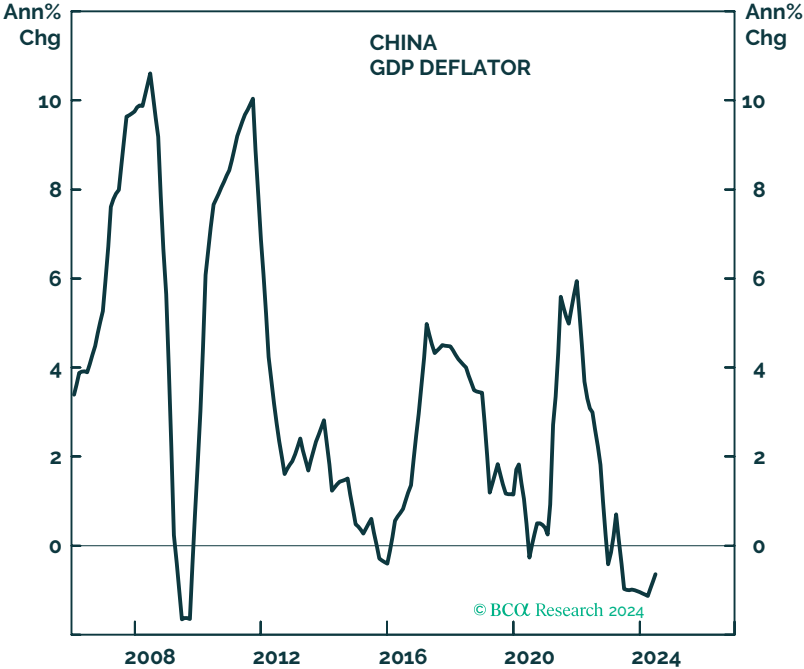


* COMMODITY BUILDING FLOOR SPACE. SHOWN IN MILLION SQUARE METERS AND AS A 12-MONTH MOVING AVERAGE.

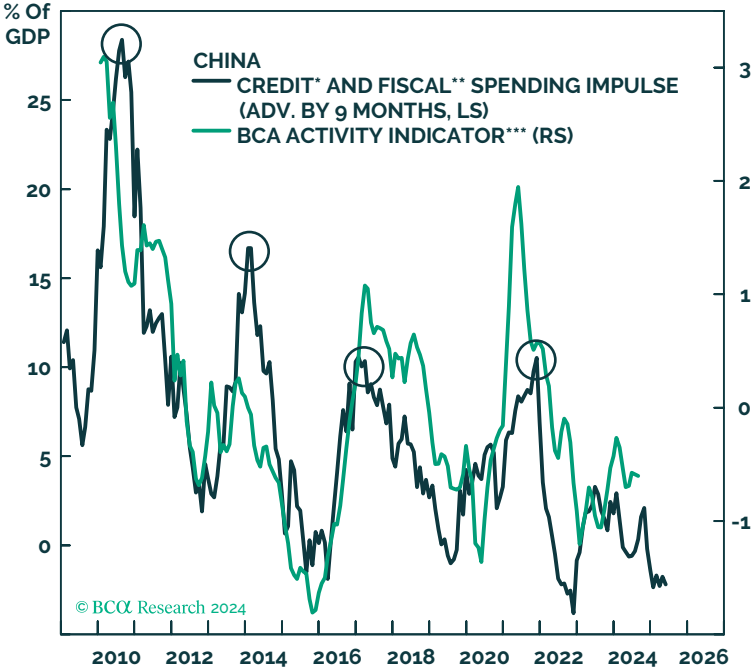


* ESTIMATED POPULATION BETWEEN 15-AND-64 YEARS OF AGE. SOURCE: UN POPULATION DIVISION.

Deflation In China Is Setting In

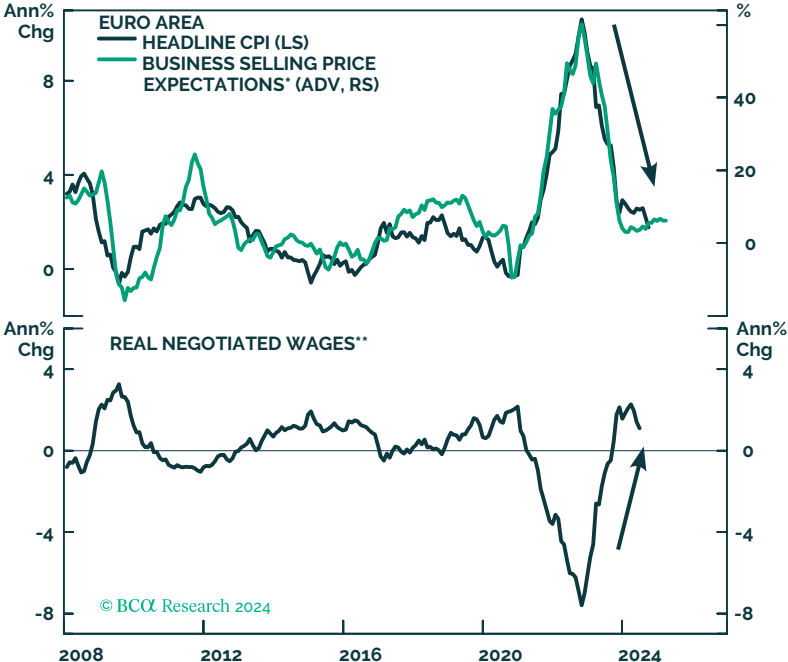


SOURCE: NATIONAL BUREAU OF STATISTICS, CHINA.

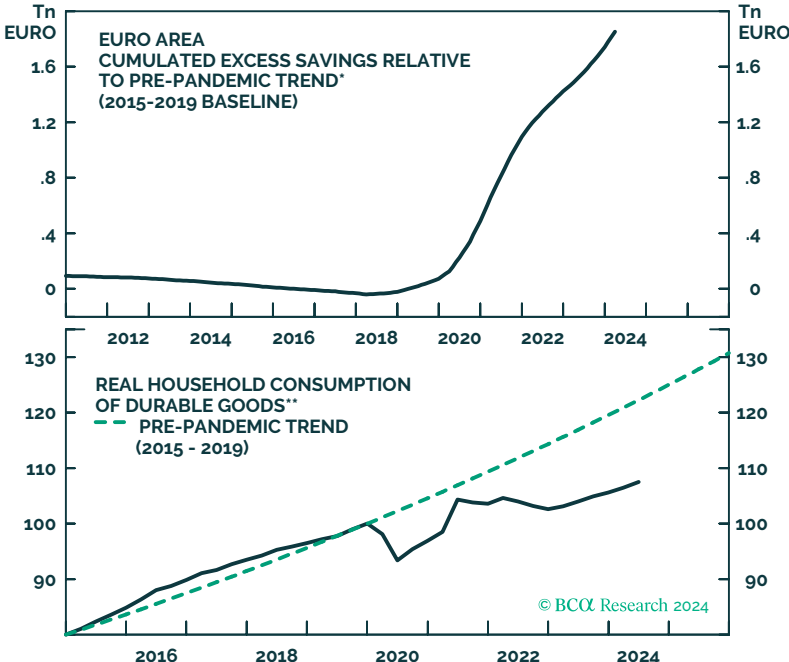


* CUMULATIVE AGGREGATE FINANCING EXCLUDING EQUITY FINANCING AND LOCAL GOVERNMENT BONDS ISSUANCE; INCLUDING LGFV SWAP FROM 2015 TO 2018.
** GENERAL (CENTRAL AND LOCAL) GOVERNMENT, GOVERNMENT MANAGED FUNDS SPENDING, AND SPECIAL INFRASTRUCTURE FUND FROM 2015 TO 2017.
*** BCA CALCULATIONS; SHOWN AS A 3-MONTH MOVING AVERAGE.

Some Rays Of Light For Europe...

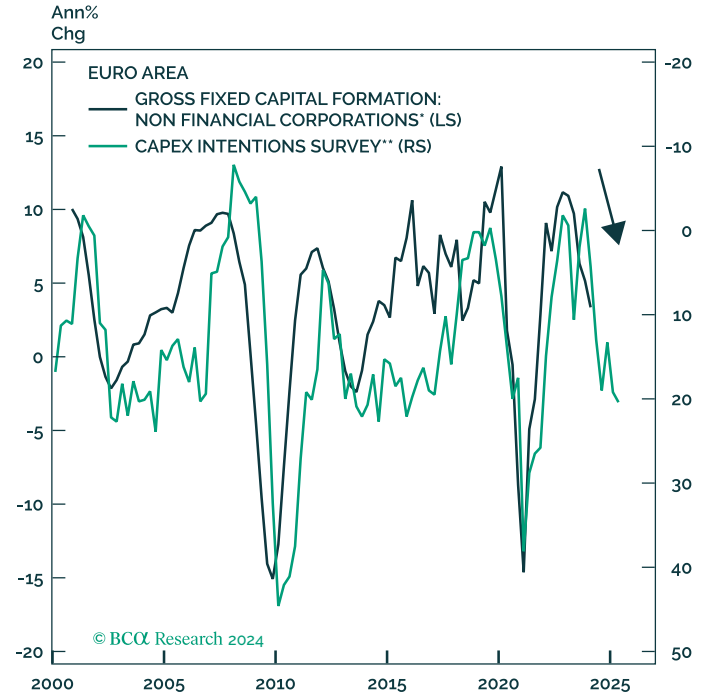
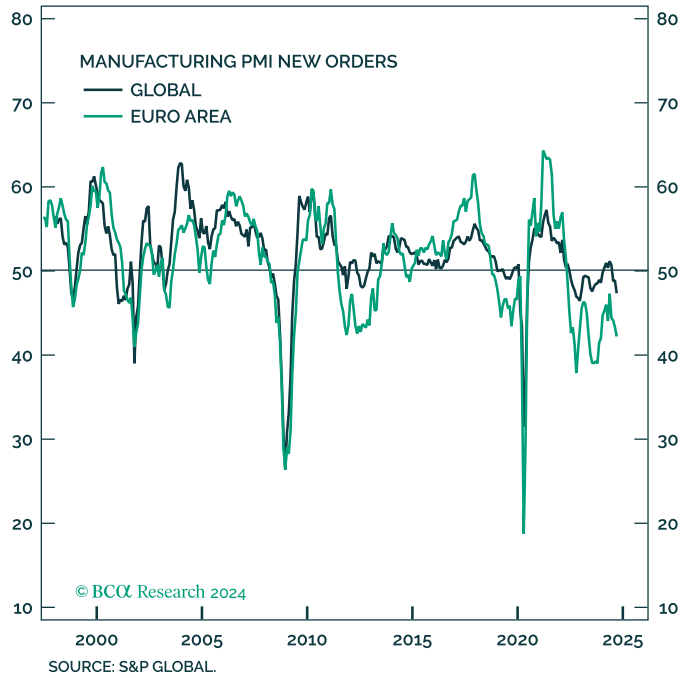


* SHOWN ADVANCED BY 6 MONTHS. SOURCE: EUROPEAN COMMISSION SURVEY.
 ** DEFLATED BY HEADLINE CPI.



* BASED ON BCA CALCULATIONS.
 ** INCLUDES GERMANY, FRANCE, ITALY, SPAIN, AND THE NETHERLANDS. REBASED TO Q4 2019 = 100.

| ...But Europe Will Succumb To A Recession Too



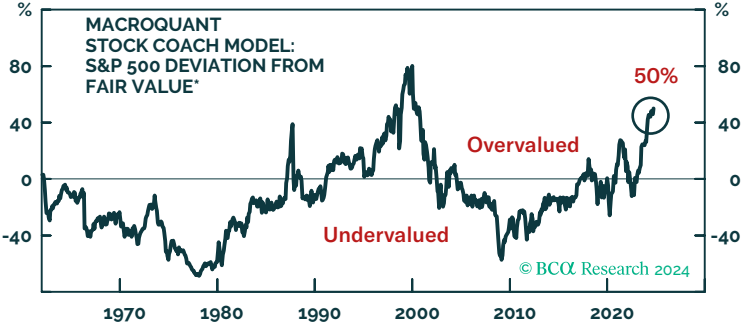
* SHOWN AS A 3-MONTH MOVING AVERAGE. SOURCE: OECD.
 ** INVESTMENT GOODS INDUSTRY SURVEY: PRODUCTION CAPACITY. SHOWN ADVANCED BY 3 QUARTERS. SOURCE: DG ECFIN.

In A Recession, The S&P 500 Could Fall To 3800

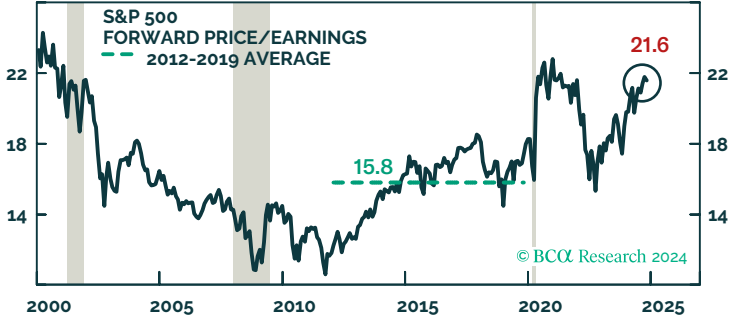
		Hypothetical Change In Forward Earnings Estimate From Current Levels (%)						
		-30	-20	-10	0	+10	+20	+30
Forward PE	10	1852	2116	2381	2645	2910	3175	3439
	11	2037	2328	2619	2910	3201	3492	3783
	12	2222	2540	2857	3175	3492	3809	4127
	13	2407	2751	3095	3439	3783	4127	4471
	14	2593	2963	3333	3704	4074	4444	4815
	15	2778	3175	3571	3968	4365	4762	5159
	16	2963	3386	3809	4233	4656	5079	5503
	17	3148	3598	4048	4497	4947	5397	5846
	18	3333	3809	4286	4762	5238	5714	6190
	19	3518	4021	4524	5026	5529	6032	6534
	20	3704	4233	4762	5291	5820	6349	6878

NOTE: AS OF OCTOBER 2, 2024. SOURCE: REFINITIV / IBES.

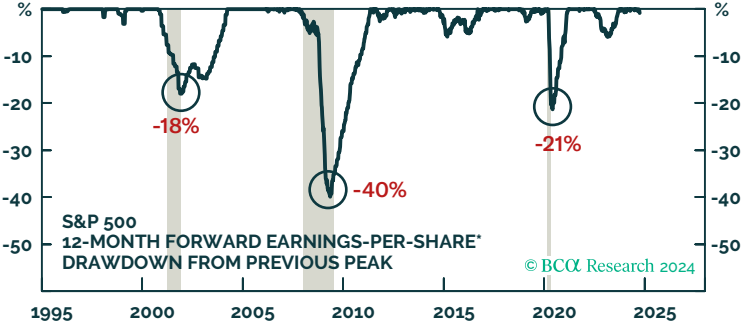
Outside Of The Dotcom Bubble, US Stocks Have Never Been So Expensive



* BASED ON PRESENT VALUE OF EXPECTED EARNINGS. SOURCE: MACROQUANT 2.0 (STOCK COACH).



SOURCE: REFINITIV / IBES. NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

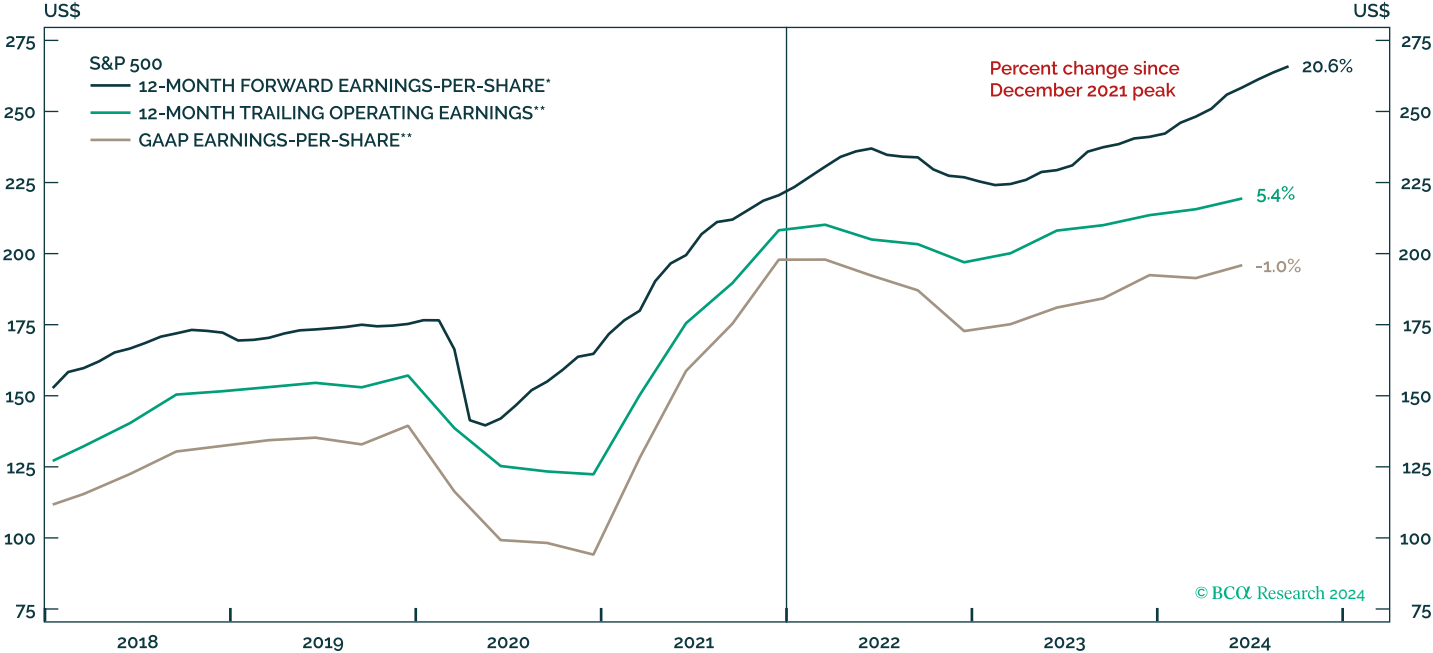


* SOURCE: REFINITIV / IBES. NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.



* CALCULATED AS EPS / SPS. ** SOURCE: REFINITIV / IBES. *** SOURCE: BLOOMBERG FINANCE L.P. NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

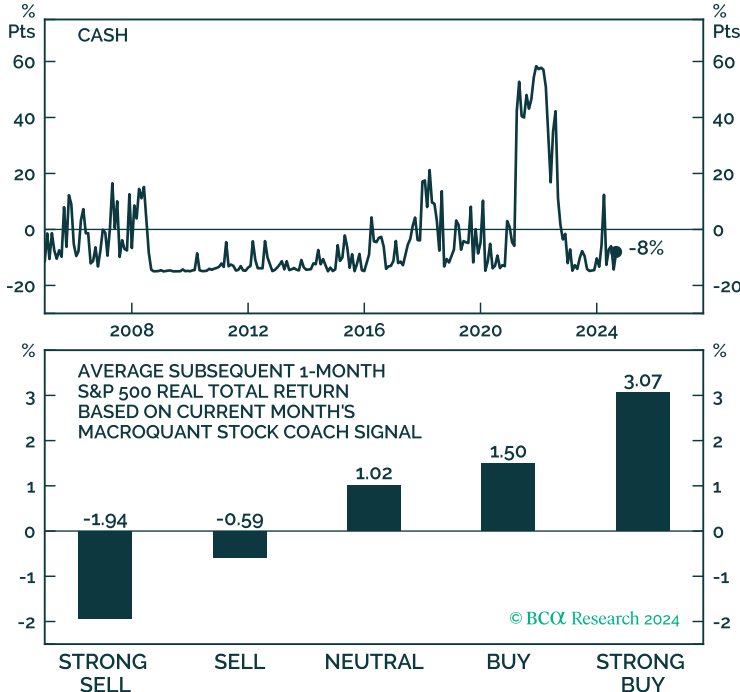
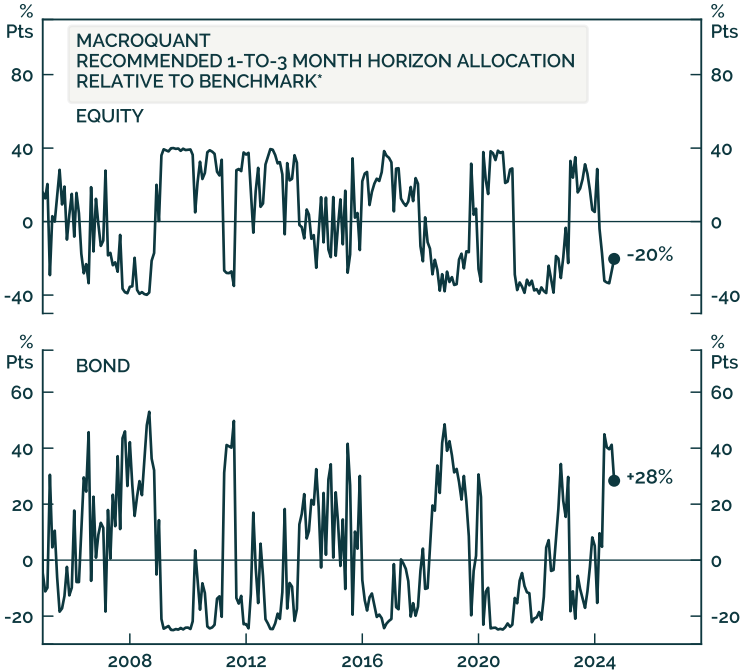
Is Recent Earnings Growth Fake News?



* SOURCE: REFINITIV / IBES.

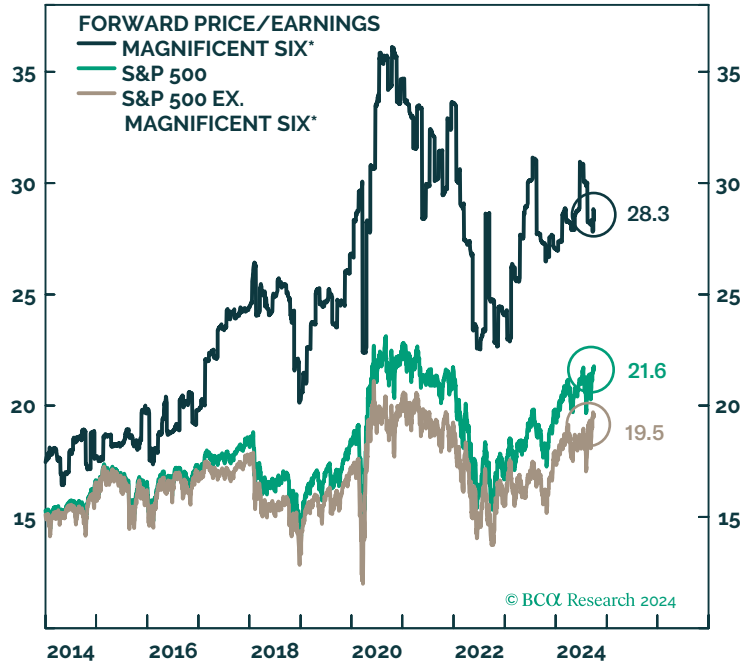
** SOURCE: S&P GLOBAL. Q2 2024 DATA POINT IS AN ESTIMATE.

MacroQuant Has Become More Cautious On Equities

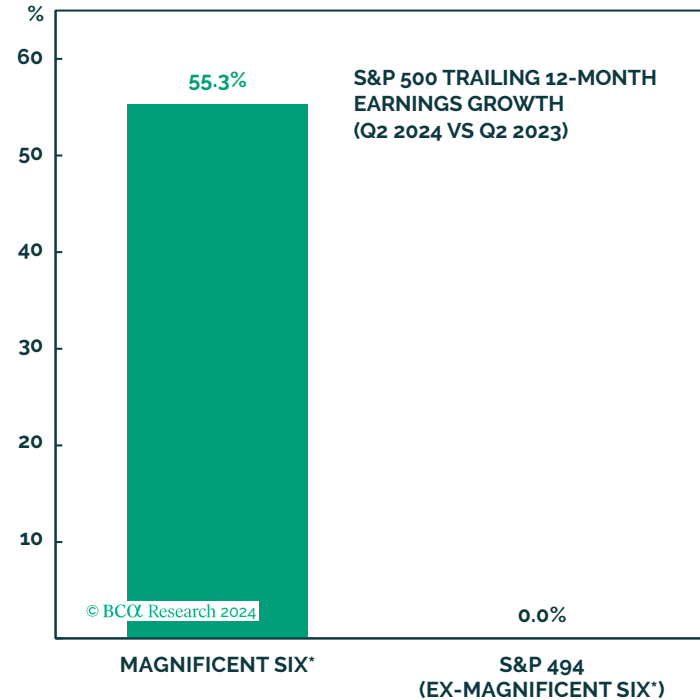


* BENCHMARK ALLOCATION IS BASED ON A 60% EQUITY, 25% BOND, AND 15% CASH PORTFOLIO.
 ** BASED ON DATA SINCE 1962.
 NOTE: THE AVERAGE EQUITY, BOND, AND CASH ALLOCATIONS IN THE BACKTEST ARE 60.1%, 26.3%, AND 13.7%, RESPECTIVELY.
 SOURCE: MACROQUANT 2.0 (ASSET ALLOCATION).

Cheap For A Reason

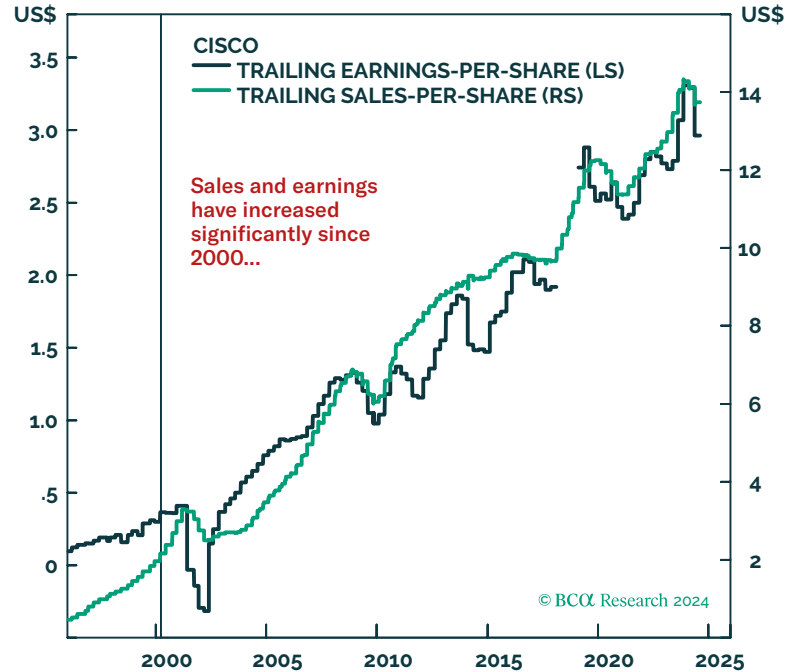


* INCLUDES AAPL, AMZN, GOOGL, META, MSFT, AND NVDA.
SOURCE: REFINITIV / IBES.



* INCLUDES AAPL, AMZN, GOOGL, META, MSFT, AND NVDA.
SOURCE: S&P GLOBAL.

Will Nvidia Follow In Cisco's Footsteps?



SOURCE: S&P GLOBAL.
 NOTE: VERTICAL LINE DENOTES THE PEAK IN CISCO SHARE PRICE (MARCH 27, 2000).
 ABNORMALITIES IN EARNINGS DUE TO EXTRAORDINARY TAX CHARGE IN 2018 ARE OMITTED.



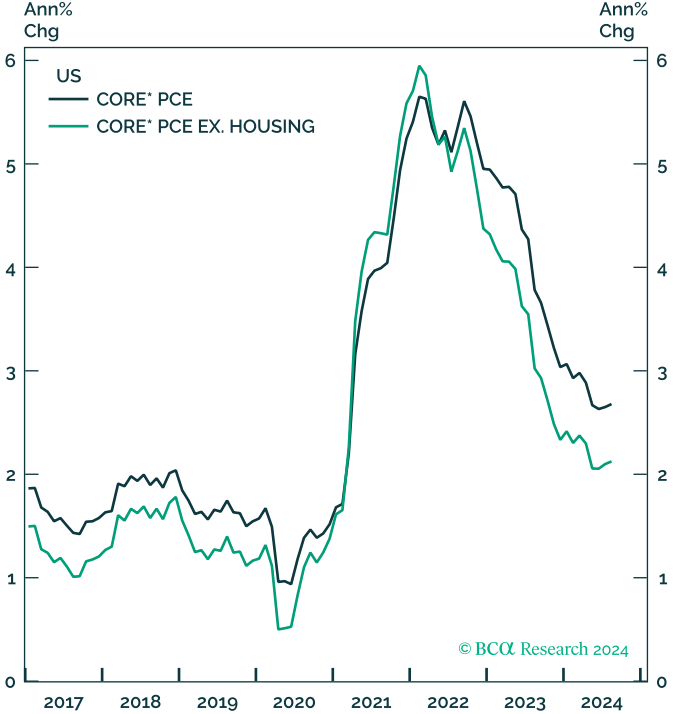
SOURCE: BLOOMBERG FINANCE L.P.
 NOTE: VERTICAL LINE DENOTES THE PEAK IN CISCO SHARE PRICE (MARCH 27, 2000).

| Five Years Later...

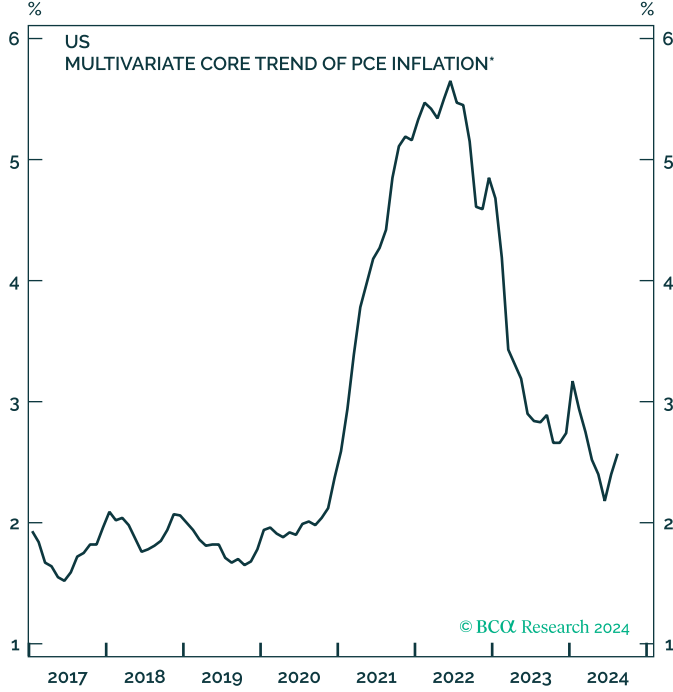
Fed policy is likely to proceed in two stages: An initial stage characterized by a highly accommodative monetary policy, followed by a second stage where the Fed is raising rates aggressively in response to galloping inflation. The first stage, which will end in late 2021, will be heaven for risk assets. The subsequent stage, which will feature a global recession, will be hell. In the end, we expect the fed funds rate to reach 4.75%, representing thirteen more 25-basis point hikes than implied by current market pricing.

– BCA Global Investment Strategy, June 2019

Underlying US Core Inflation Is Back To Target

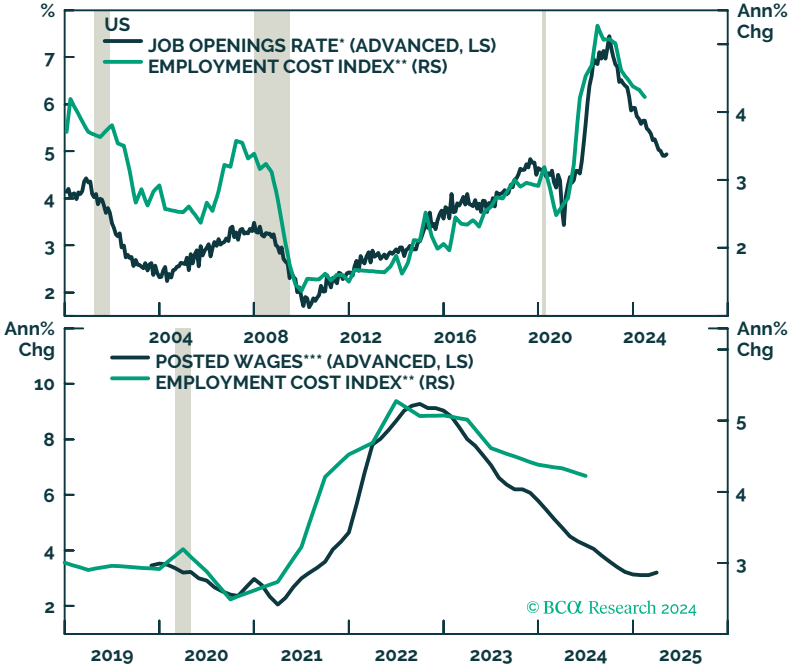


* EXCLUDING FOOD AND ENERGY.

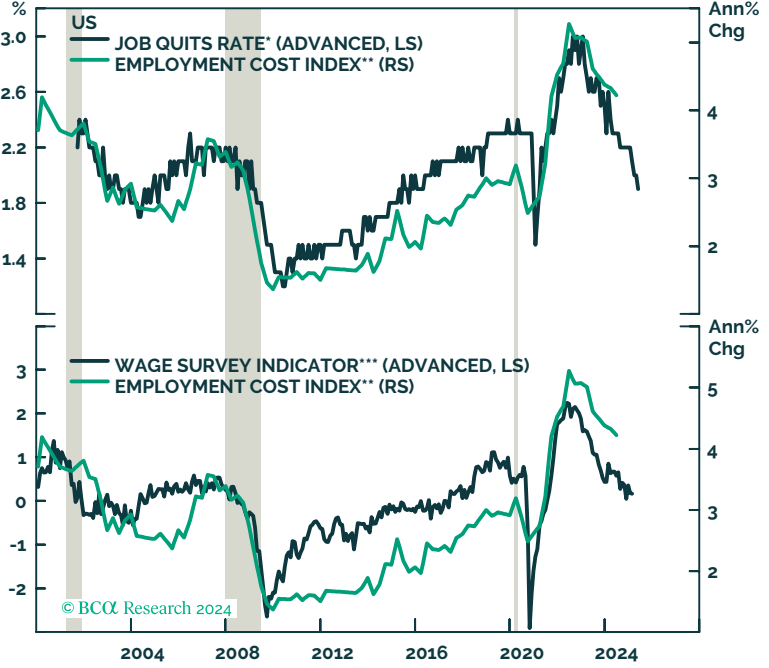


* COMPARED TO THE WIDELY USED CORE PCE INFLATION MEASURE, WHICH SIMPLY REMOVES THE VOLATILE COMPONENTS, THE MCT SEEKS TO FURTHER REMOVE THE TRANSITIONARY VARIATION FROM THE CORE SECTORAL INFLATION RATES. FOR MORE INFORMATION, PLEASE SEE MARTIN ALMUZARA, BABUR KOCAOGLU, AND ARGIA SBORDONE, "MCT UPDATE: INFLATION PERSISTENCE DECLINED SIGNIFICANTLY IN APRIL," FEDERAL RESERVE BANK OF NEW YORK LIBERTY STREET ECONOMICS, JUNE 2, 2023. DATA UPDATE FROM FEDERAL RESERVE BANK OF NEW YORK, MULTIVARIATE CORE TREND INFLATION.*

Wage Pressures Have Eased As The Labor Market Has Loosened

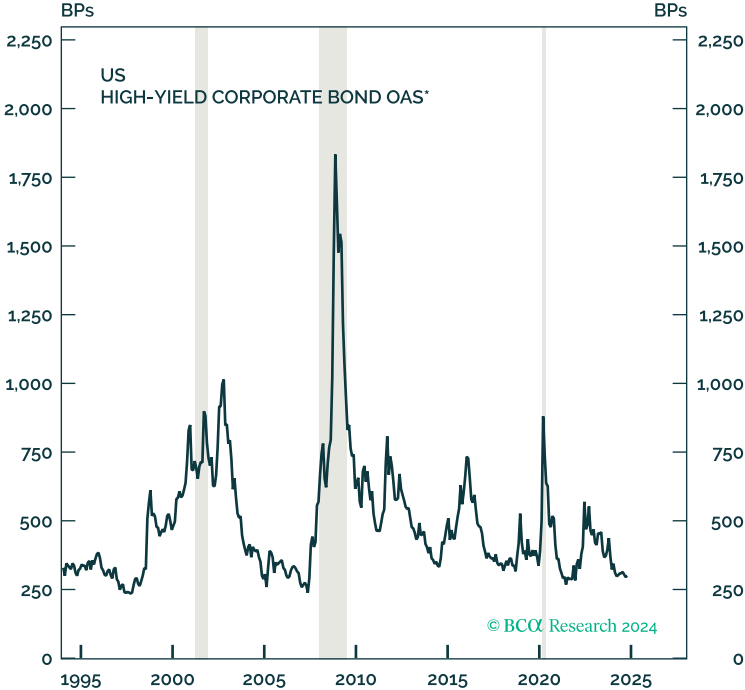


* SHOWN ADVANCED BY 9 MONTHS. SOURCE: JOLTS, BLS.
 ** WAGES AND SALARIES OF ALL CIVILIAN WORKERS. SOURCE: BLS
 *** SHOWN ADVANCED BY 7 MONTHS AND AS A 3-MONTH MOVING AVERAGE. SOURCE: INDEED.
 NOTE: HISTORICAL JOB OPENINGS DATA ARE EXTENDED USING THE COMPOSITE HELP-WANTED INDEX ESTIMATED IN REGIS BARNICHON, "BUILDING A COMPOSITE HELP-WANTED INDEX", ECONOMICS LETTERS VOLUME 109, ISSUE 3, (DECEMBER 2010). JOB OPENINGS SINCE JUNE 2022 ARE BASED ON BLS JOLTS JOB OPENINGS, AND ESTIMATES USING LINKUP AND INDEED JOB POSTINGS INDEX.
 NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

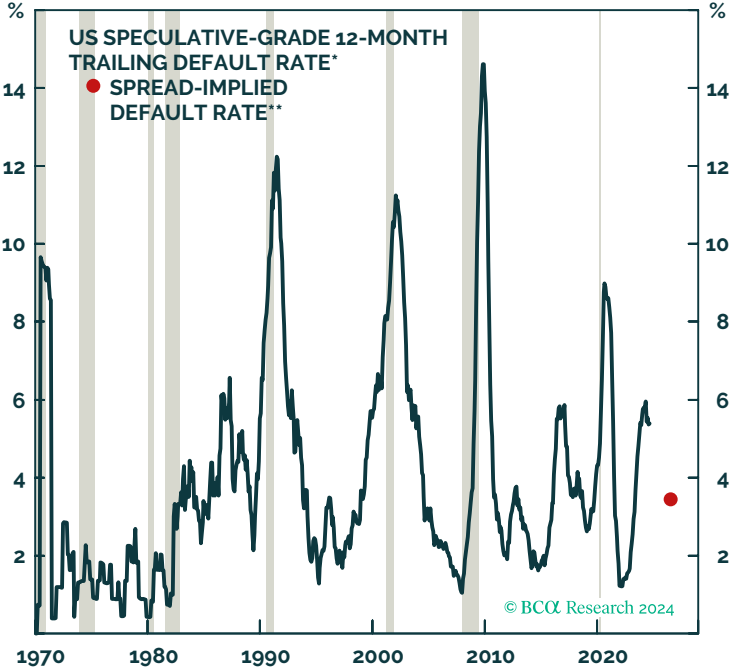


* SHOWN ADVANCED BY 9 MONTHS. SOURCE: JOLTS, BLS.
 ** WAGES AND SALARIES OF ALL CIVILIAN WORKERS. SOURCE: BLS.
 *** SHOWN ADVANCED BY 6 MONTHS. CALCULATIONS BASED ON 10 MANUFACTURING AND SERVICE SURVEY MEASURES OF CURRENT AND FUTURE WAGES FROM THE NEW YORK FED, DALLAS FED, RICHMOND FED, AND THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB) SURVEY.
 NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

Junk Bonds Are Pricing In A Soft Landing

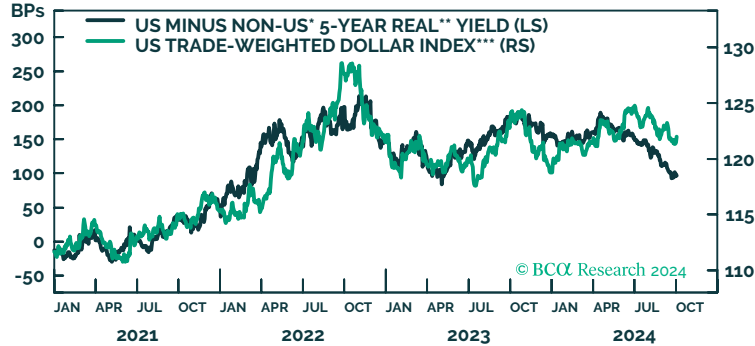


* OPTION-ADJUSTED SPREAD. SOURCE: BLOOMBERG INDICES.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

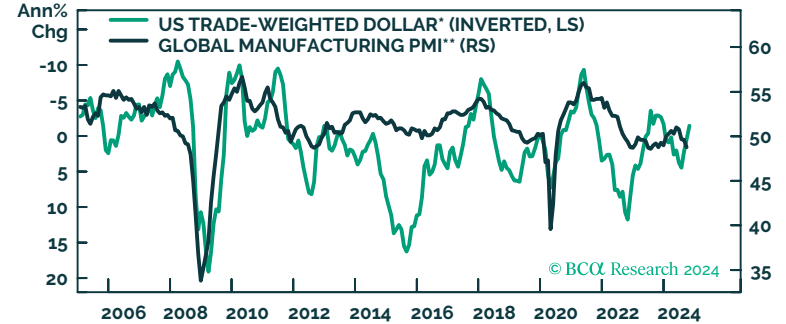


* SOURCE: MOODY'S INVESTORS SERVICE.
** BASED ON CURRENT HIGH-YIELD CORPORATE BOND SPREAD FROM BLOOMBERG INDICES, DEFAULT-ADJUSTED SPREAD OF 100 BPS, AND A 40% RECOVERY RATE.
NOTE: SHADED AREAS DENOTE NBER-DESIGNATED RECESSIONS.

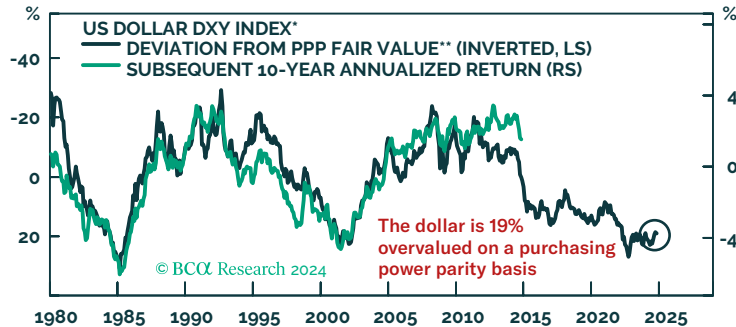
The Dollar Will Strengthen During The Next Recession But Weaken Over The Long Haul



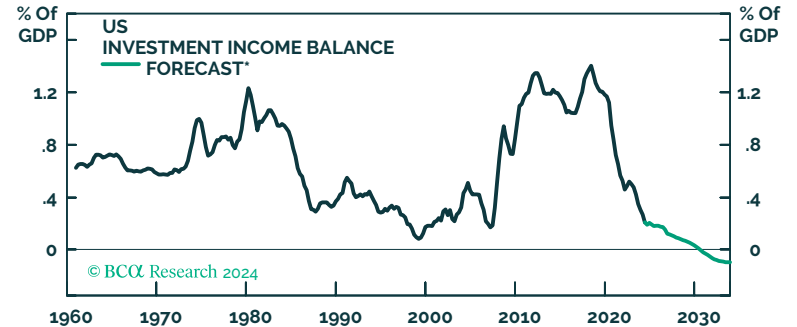
* TRADE-WEIGHTED AVERAGE OF EURO AREA, JAPAN, UK, AUSTRALIA, AND SWEDEN.
 ** REAL YIELD CALCULATED AS NOMINAL YIELD MINUS CPI SWAP RATE OR USING BLOOMBERG INFLATION-LINKED INDEX YIELD.
 *** BROAD, NOMINAL. SOURCE: FEDERAL RESERVE.



* BROAD, NOMINAL. SOURCE: FEDERAL RESERVE.
 ** SOURCE: S&P GLOBAL.

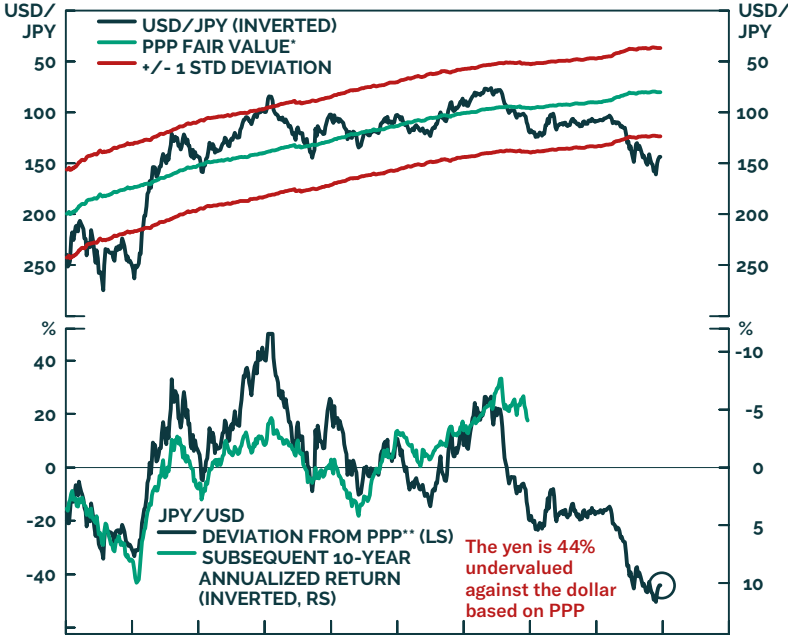


* SOURCE: ICE FUTURES US.
 ** BCA PURCHASING POWER PARITY MODEL BASED ON ADJUSTED CPI. PLEASE REFER TO THE FOREIGN EXCHANGE STRATEGY JANUARY 20, 2023 SPECIAL REPORT TITLED "CURRENCY VALUATION AND LONG-TERM RETURNS: PART 1," FOR FURTHER DETAILS.

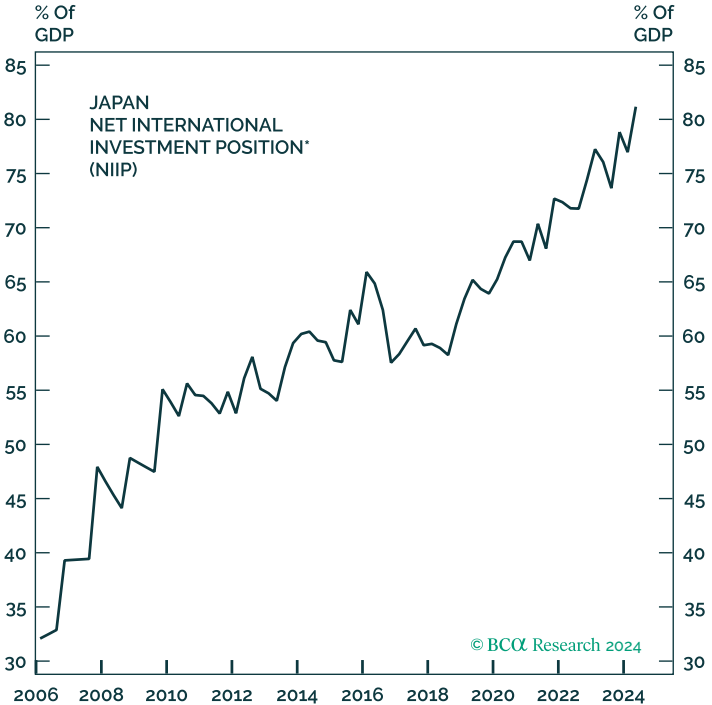


* BCA FORECAST SIMULATING THE IMPACT OF HIGHER GLOBAL INTEREST RATES ON US NET EXTERNAL INTEREST EXPENSES RELATED TO PORTFOLIO DEBT SECURITIES, WHILE HOLDING CONSTANT THE COMPOSITION OF DEBT ASSETS AND LIABILITIES IN RELATION TO GDP AS WELL AS ALL OTHER COMPONENTS OF THE INCOME BALANCE.

The Yen Will Be A Great Hedge When The Next Recession Arrives

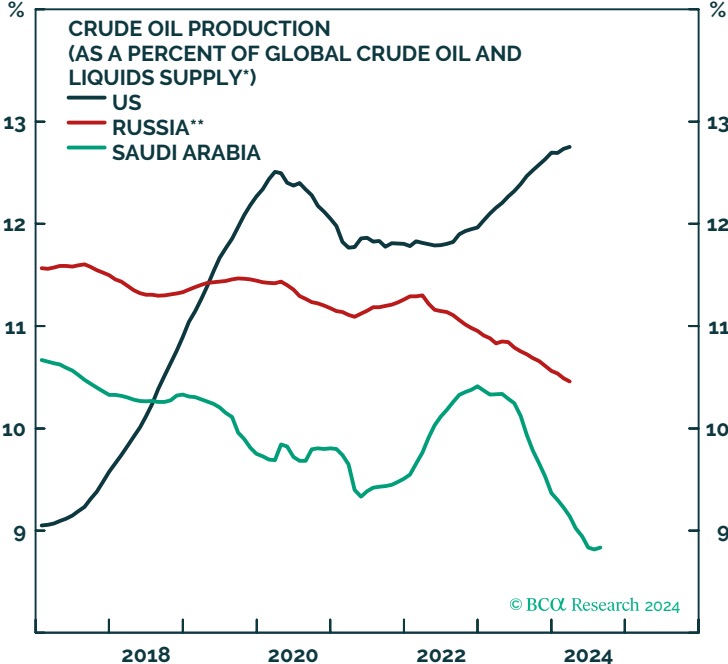


* BCA PURCHASING POWER PARITY MODEL BASED ON ADJUSTED CPI. PLEASE REFER TO THE FOREIGN EXCHANGE STRATEGY JANUARY 20, 2023 SPECIAL REPORT TITLED "CURRENCY VALUATION AND LONG-TERM RETURNS: PART 1." FOR FURTHER DETAILS.
** TRUNCATED AT 50% FOR DISPLAY PURPOSES.
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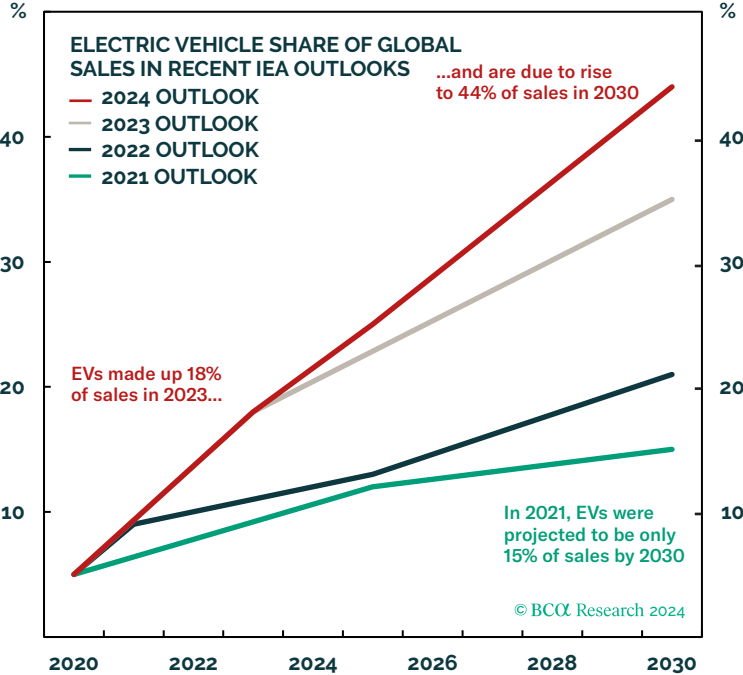


SOURCE: IMF.
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Favor Industrial Metals Over Oil In The Long Run

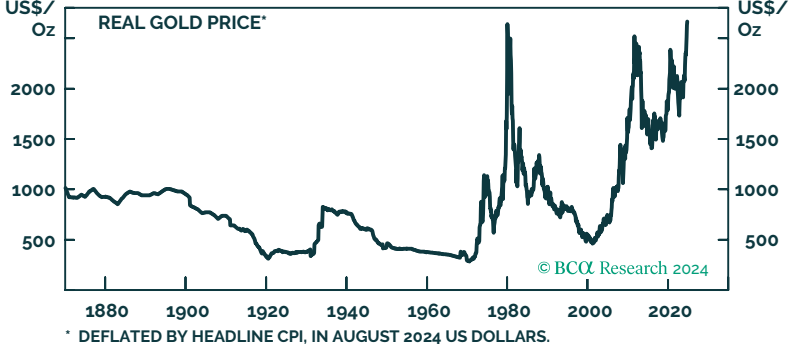
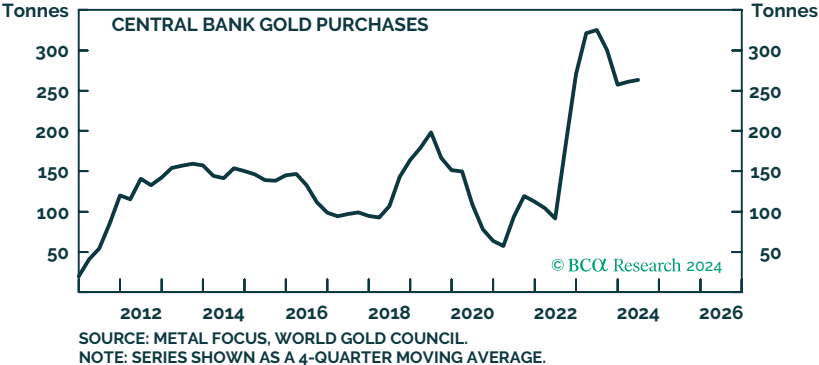
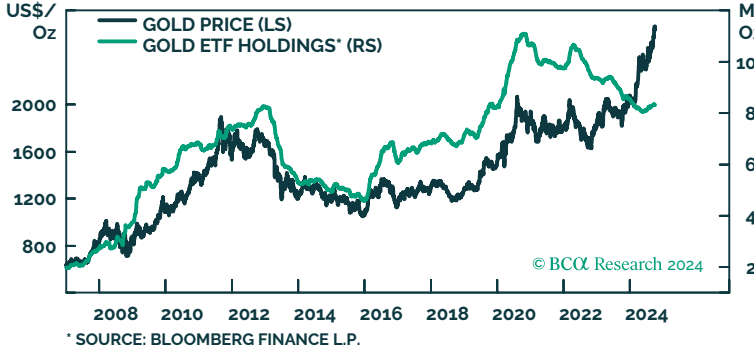
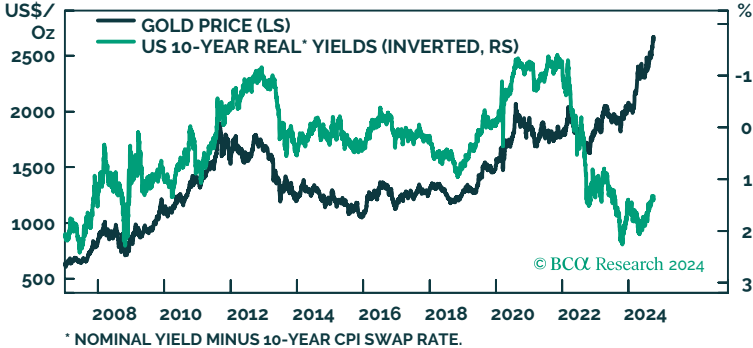


* SUPPLY INCLUDES PRODUCTION OF CRUDE OIL (INCLUDING LEASE CONDENSATES), NATURAL GAS PLANT LIQUIDS, BIOFUELS, OTHER LIQUIDS, AND REFINERY PROCESSING GAINS.
 ** SERIES INCLUDES CRUDE AND CONDENSATES.
 SOURCE: US EIA.
 NOTE: SERIES SHOWN AS A 12-MONTH MOVING AVERAGE.



OUTLOOKS FOR ELECTRIC VEHICLES' SHARE OF OVERALL GLOBAL SALES, %, 2020-2030, IN THE IEA'S STATED POLICIES SCENARIO (STEPS), FROM SUCCESSIVE EDITIONS OF THE AGENCY'S "GLOBAL EV OUTLOOK" REPORTS. EACH LINE INDICATES THE OUTLOOK GIVEN IN THAT YEAR.

Gold Is Expensive But Will Benefit From Continued Central Bank Purchases



Investment Conclusions And View Matrix

- Macro Outlook:** The consensus soft-landing narrative is wrong. The US will fall into a recession in late 2024 or early 2025. Growth in the rest of the world will also slow sharply.
- Equities:** We were tactically bullish on stocks for most of 2023, turned neutral earlier this year, and went underweight on June 26. We conservatively expect the S&P 500 to drop to 3800 during the coming recession.
- Bonds:** Despite cutting rates by 50 bps in September, the Fed is probably still behind the curve. We expect the 10-year Treasury yield to fall to 3% during the next recession with the fed funds rate reaching 2%.
- Credit:** The current level of corporate spreads is pricing in a 38% decline in the default rate over the next 12 months. Such a decline is unlikely in a soft-landing scenario and is next-to-impossible in a recessionary one.
- Currencies:** The US dollar should weaken modestly over the next few months but will then strengthen during the next recession. The yen will experience a massive short-covering rally towards the end of 2024.
- Commodities:** Crude oil and industrial metals will fall during the coming recession. The longer-term outlook for metals is better than for oil.

Global Investment Strategy Views						
	1-To-3 Month			6-To-12 Month		
Global Asset Allocation	-	0	+	-	0	+
Equities	■	■	□	□	■	■
Fixed Income	□	□	■	□	□	■
Cash	□	■	□	□	■	□
Global Equities (Region)*	-	0	+	-	0	+
US	□	■	□	□	□	■
Euro Area	□	□	■	□	■	□
UK	□	□	■	□	■	□
Canada	□	□	■	□	■	□
Australia	□	□	■	□	■	□
Japan	□	■	□	□	□	■
EM	□	□	■	□	■	□
Global Equities (Sectors)*	-	0	+	-	0	+
Communication Services	□	□	■	□	□	■
Consumer Discretionary	□	■	□	□	■	□
Consumer Staples	□	□	■	□	□	■
Energy	□	□	■	□	■	□
Financials	□	■	□	□	■	□
Health Care	□	□	■	□	□	■
Industrials	□	□	■	□	■	□
Information Technology	□	■	□	□	■	□
Materials	□	□	■	□	■	□
Real Estate	□	■	□	□	■	□
Utilities	□	□	■	□	□	■

Global Investment Strategy Views						
	1-To-3 Month			6-To-12 Month		
Global Fixed Income**	-	0	+	-	0	+
Government	□	□	■	□	□	■
Investment Grade	□	■	□	□	■	□
High Yield	□	■	□	□	■	□
Duration	□	□	■	□	□	■
Inflation Protection	□	□	■	□	■	□
Currencies***	-	0	+	-	0	+
USD	□	■	□	□	□	■
EUR	□	□	■	□	■	□
GBP	□	□	■	□	■	□
CHF	□	□	■	□	□	■
JPY	□	■	□	□	□	■
CAD	□	□	■	□	■	□
AUD	□	□	■	□	■	□
EM Currencies	□	□	■	□	■	□
Commodities (vs USD)	-	0	+	-	0	+
Energy	□	□	■	□	■	□
Base/Bulk Metals	□	□	■	□	■	□
Gold	□	□	■	□	□	■

LEGEND:
 ■ - CURRENT
 1 (MOST LEFT) - STRONG SELL
 2 - SELL
 3 - NEUTRAL
 4 - BUY
 5 (MOST RIGHT) - STRONG BUY
 * RELATIVE TO MSCI ACWI (CURRENCY UNHEDGED).
 ** RELATIVE TO BLOOMBERG GLOBAL AGGREGATE (CURRENCY-HEDGED).
 *** IN TRADE-WEIGHTED TERMS.

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