

# — G I S T —

# G L O B A L

# I N V E S T M E N T

# S T R A T E G Y

# T H E M E S



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CHIEF MARKET STRATEGIST  
NOVEMBER 2024



**BNP PARIBAS**  
**ASSET MANAGEMENT**

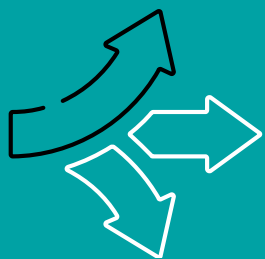
The sustainable investor for a changing world

# INVESTMENT THEMES



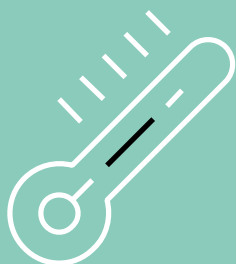
## MACRO

From soft landing to no landing



## EQUITY

Fresh wind in the sails



## FIXED INCOME

Paying the piper

# TOPICS

## Macro outlook



U.S.



EUROPE



EMERGING MARKETS

## Asset classes



EQUITIES

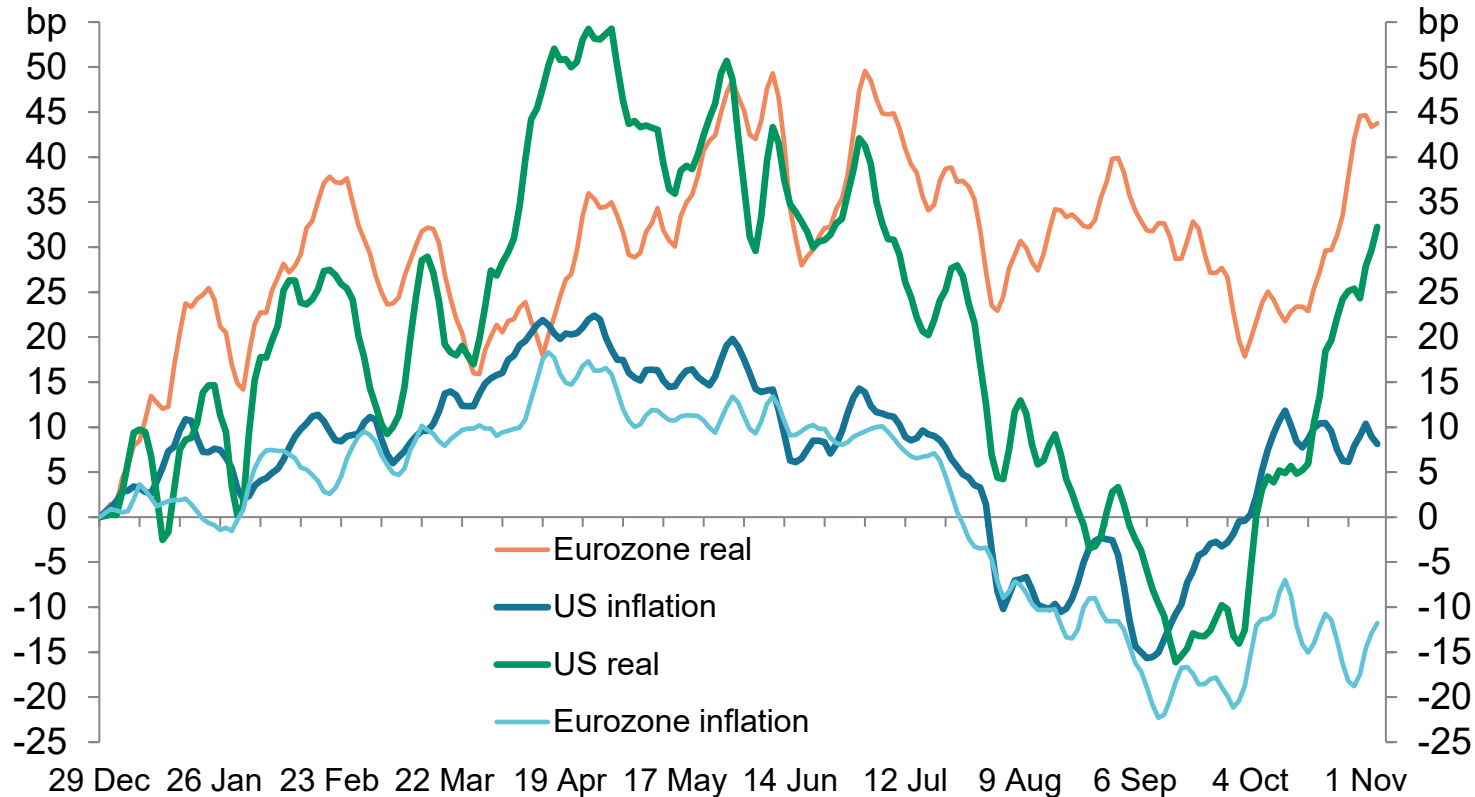


FIXED INCOME

# Government bond sell-off both real yields and inflation

## Composition of changes in 10-year government bond yields

3-day moving average

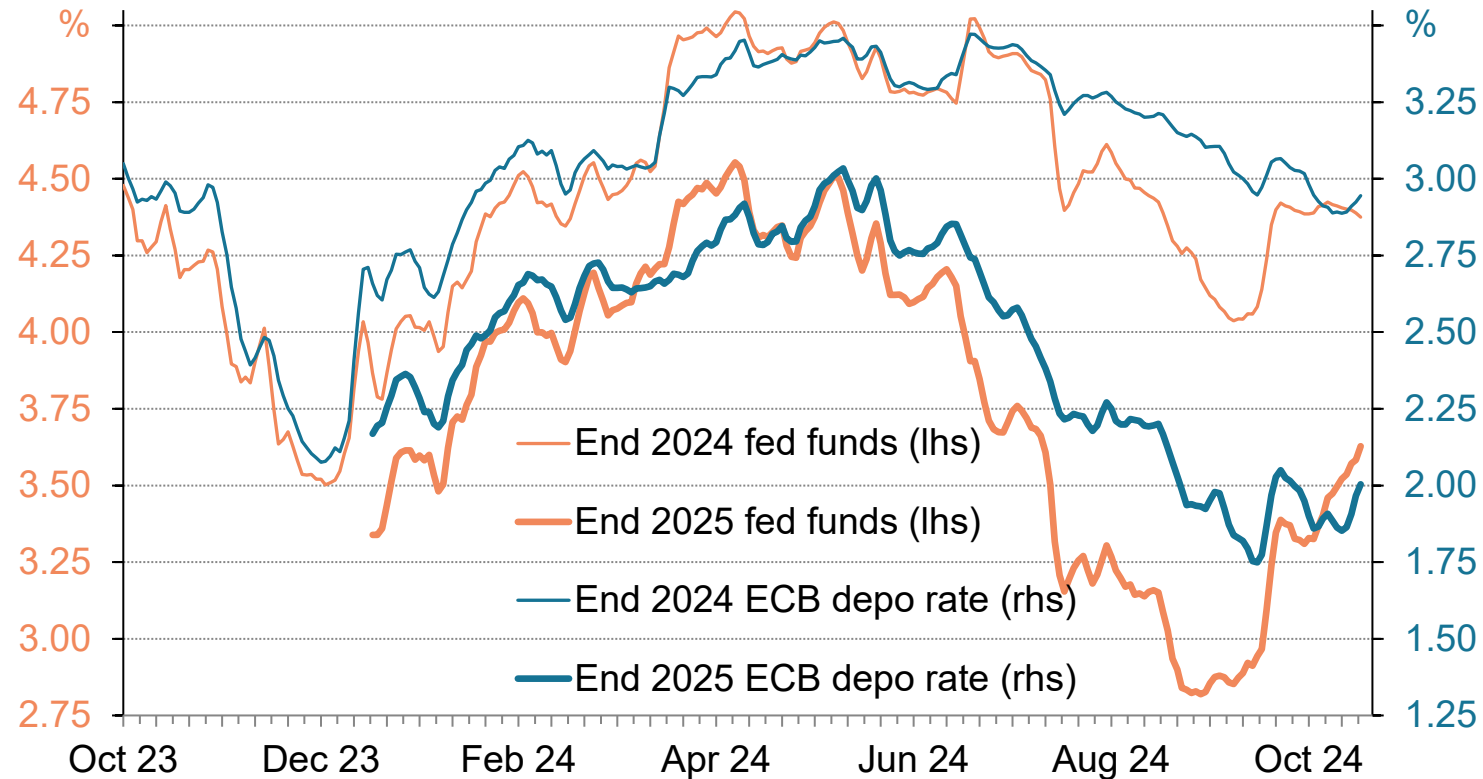


- Though mostly real yields, reflecting higher growth

Data as 5 November 2024. Sources: Bloomberg, BNP Paribas Asset Management.

# Year-end rate expectations pricing stronger growth, higher inflation, and Trump?

## Forecast year-end benchmark rate



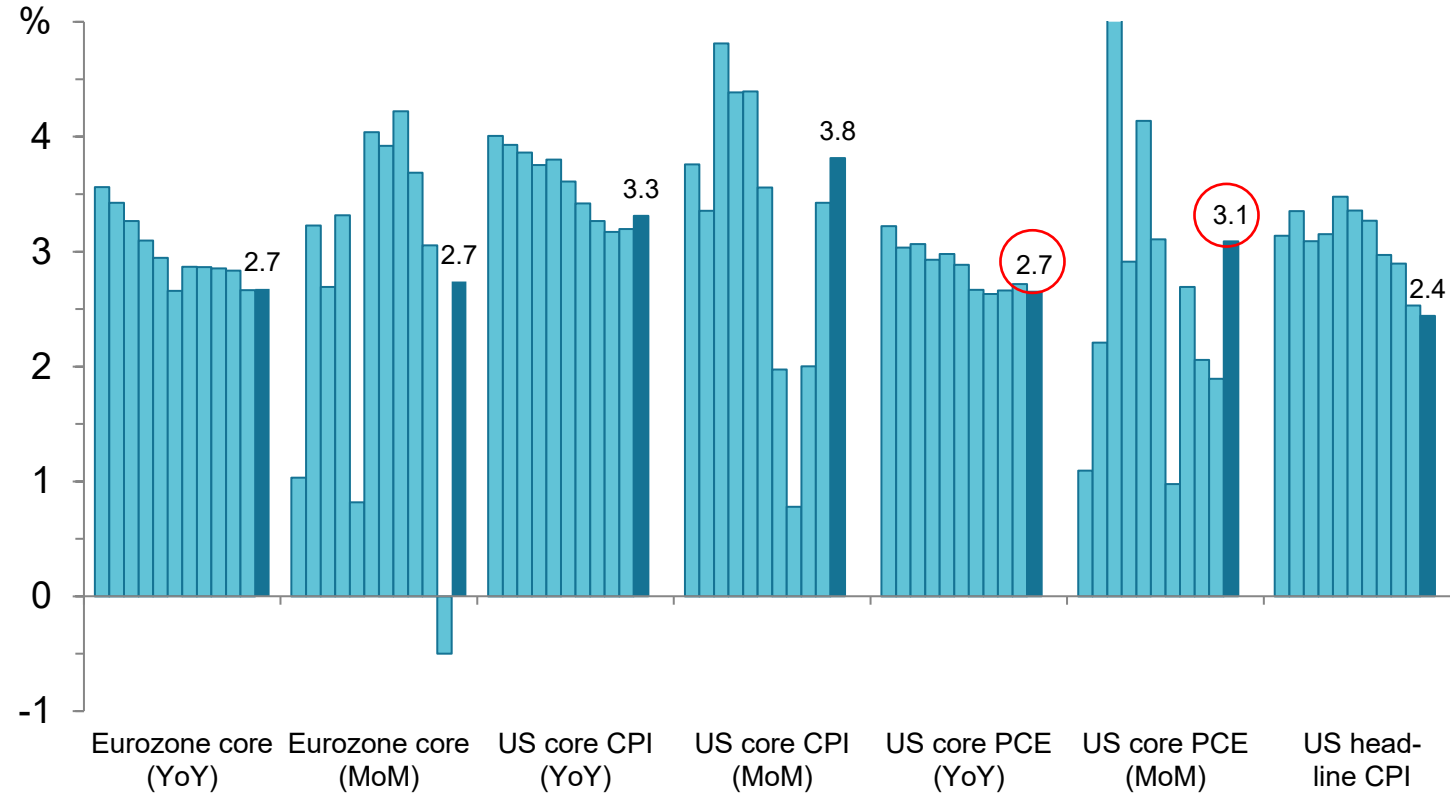
- Eurozone rates have faded more

Data as at 5 November 2024. Sources: Bloomberg, BNP Paribas Asset Management.

# US core PCE up on a monthly basis; what happens post election?

## Year-on-year inflation, last twelve months

Core-core inflation for US monthly



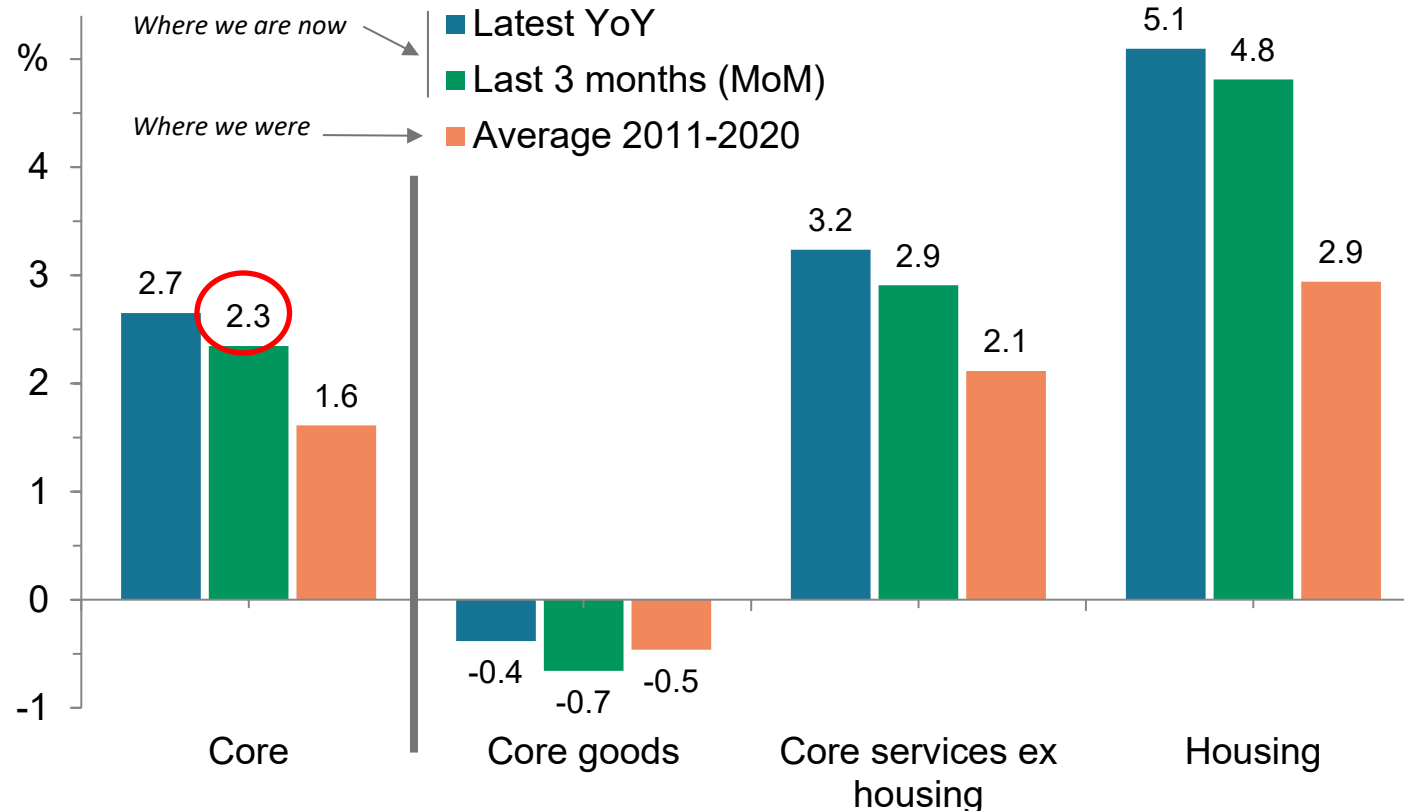
- Year-on-year change in core PCE has not declined in 5 months

Data as at 2 November 2024. No assurance can be given that any forecast, target, or opinion will materialise. Sources: Haver, BNP Paribas Asset Management.

# US inflation not far off from Fed's target; but new questions about the outlook

## Monthly change (annualised) in core inflation

US Personal Consumption Expenditures



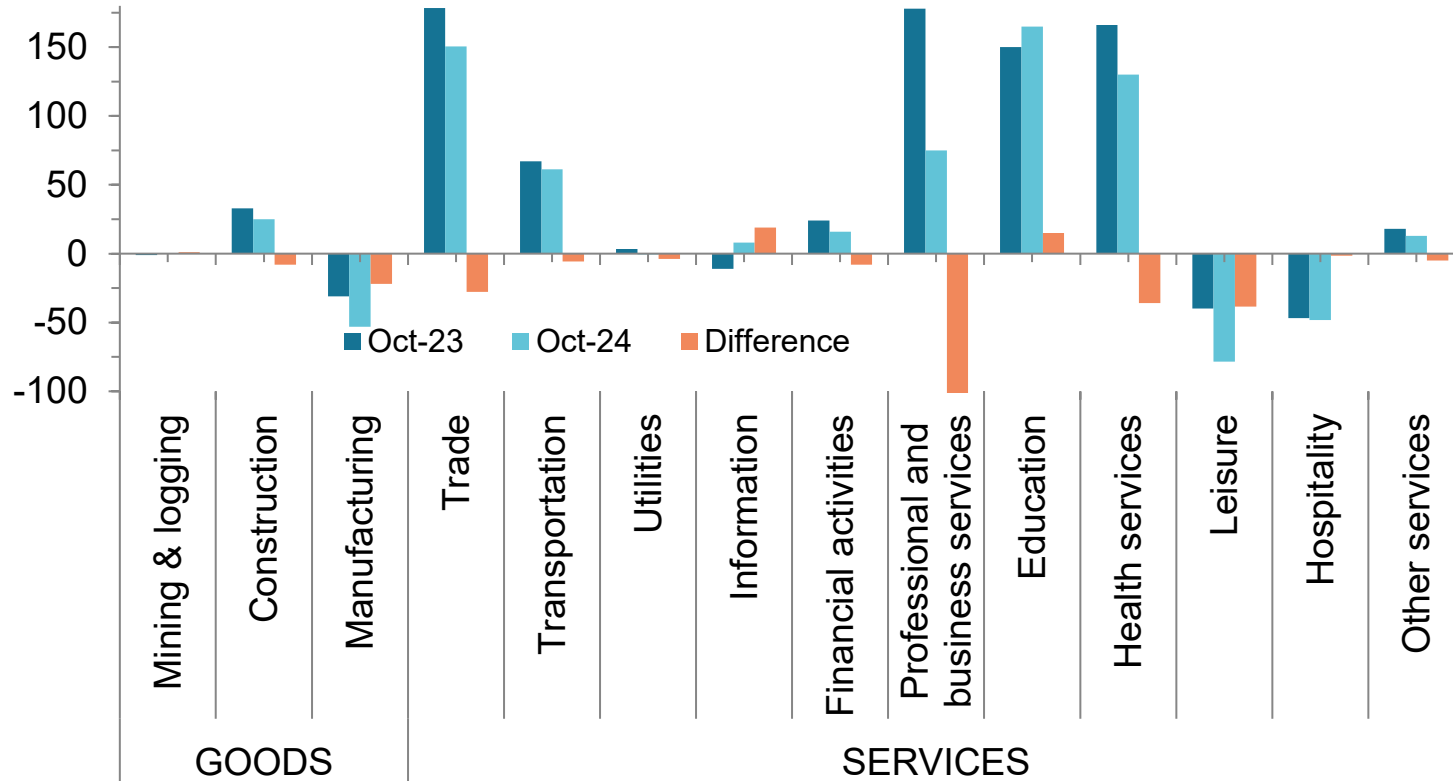
- Goods inflation has recently been more negative but tariffs could change that
- Services still somewhat high and immigration restrictions could push wages back up
- Housing still well above pre-Covid levels

Data as at 9 November 2024. Note: light green bars represent goods sub-indices; light blue are core services sub-indices. Sources: BEA, BNP Paribas Asset Management.

# Shortfall was primarily in Professional and business services

## Change in non-farm payrolls

Non-seasonally adjusted



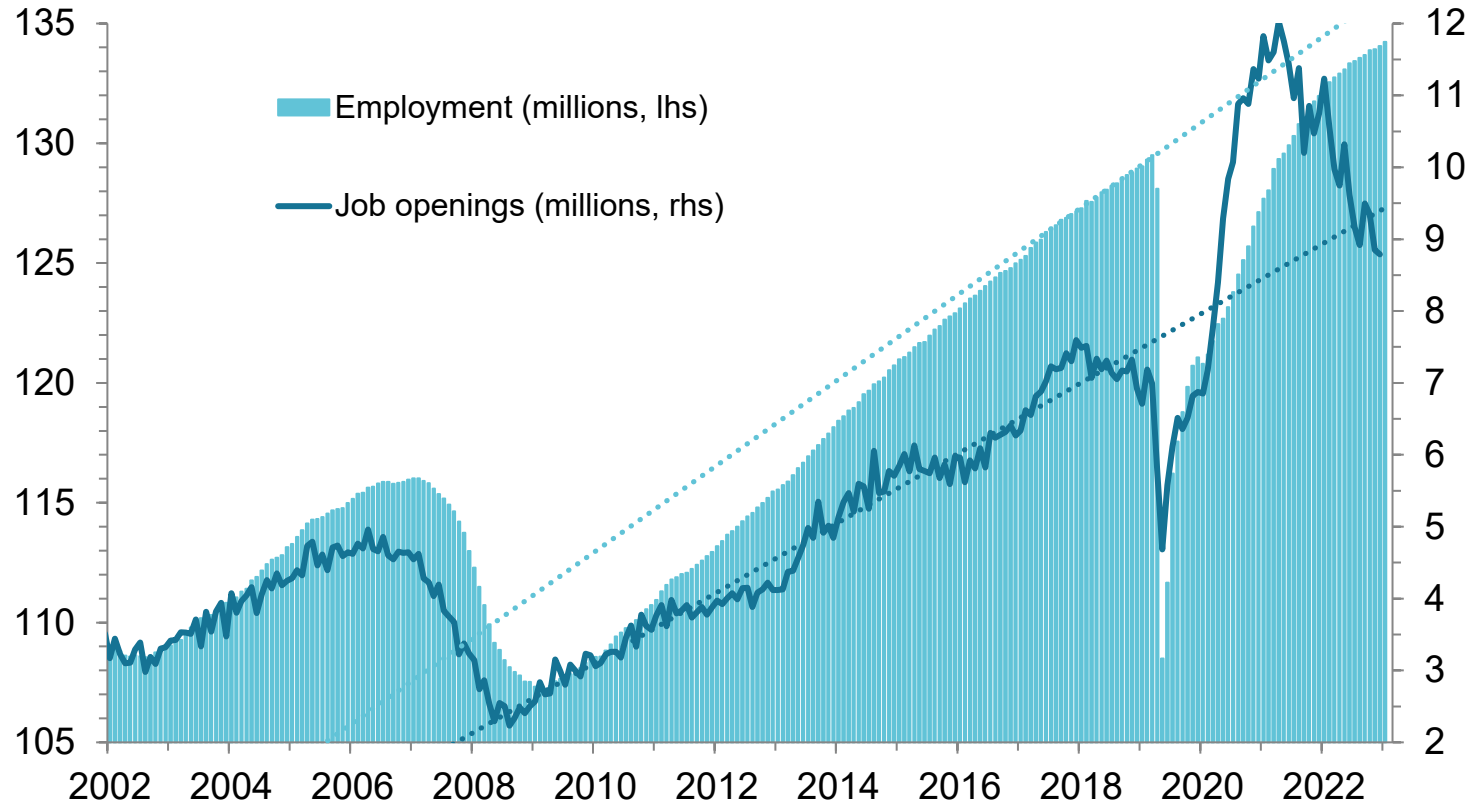
- And within that category it was mostly Temporary help services
- Second biggest categories were Amusements, gambling and recreation and Social assistance
- Not obvious that the hurricanes and Boeing strike are entirely to blame

Data as at 3 November 2024. Sources: BLS, Bloomberg, BNP Paribas Asset Management.



# 20 million jobs lost during lockdowns, but more than that has come back

## Employment and job openings

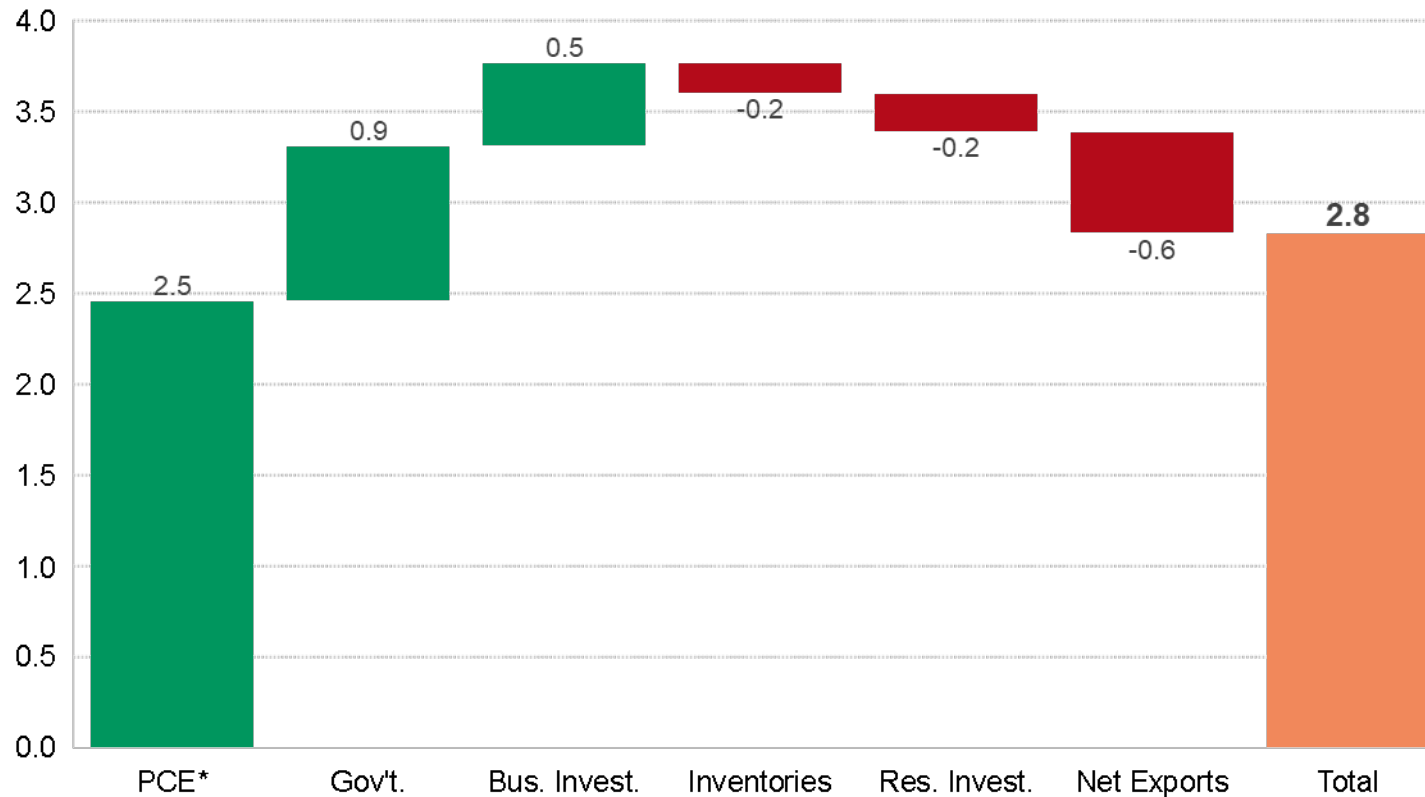


- Likely not everyone is doing the same thing

Data as at 12 January 2024. The above view(s) represent our judgement as at the date of this presentation and may be subject to change without notice. Sources: BLS, Bloomberg, BNP Paribas Asset Management.

# Consumer demand very strong; inventory decline encouraging

## Contribution to US GDP growth, 3q 2024



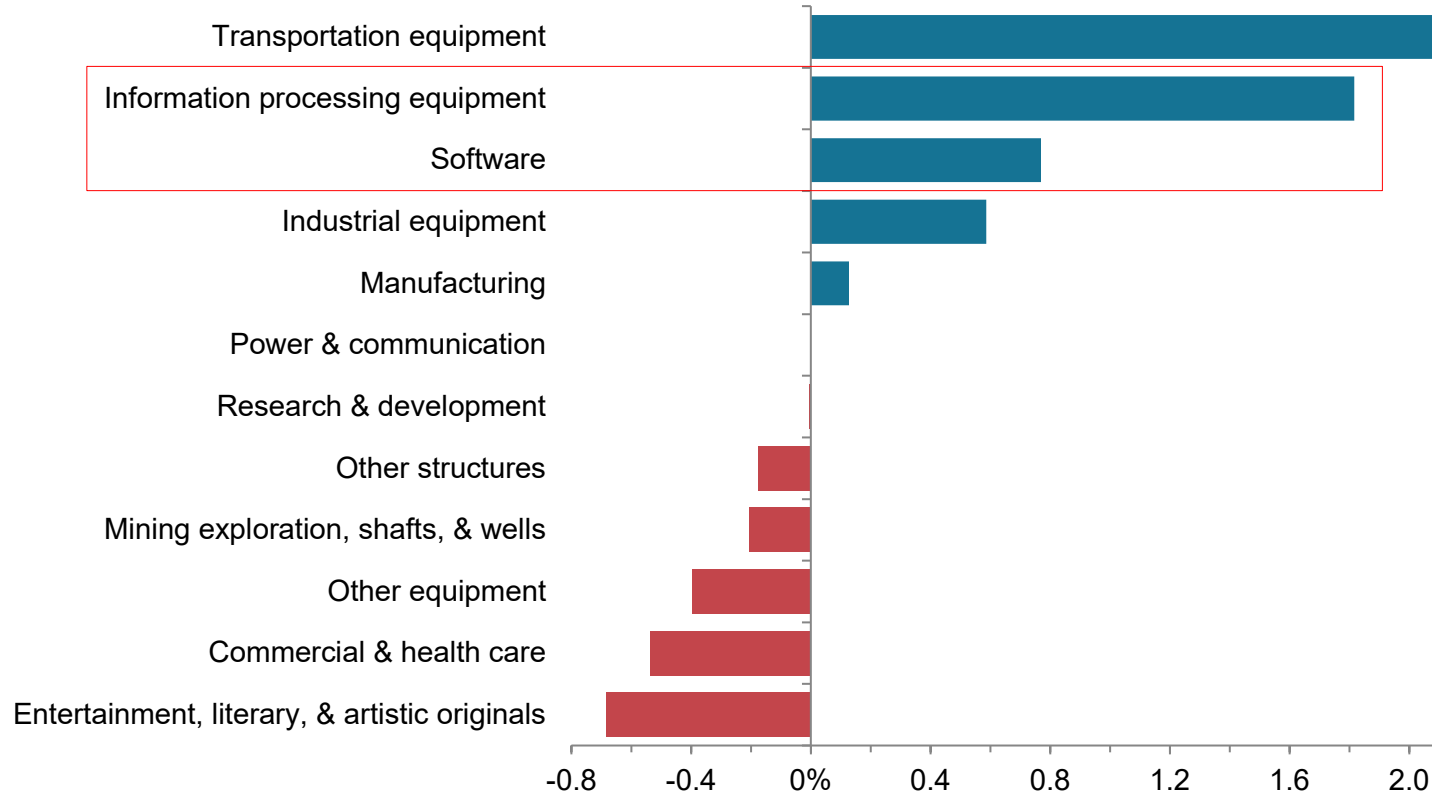
- Also a big of government pump priming ahead of the election?

Data as at 2 November 2024. \*Personal Consumption Expenditures (consumer demand). Sources: BEA, BNP Paribas Asset Management.

# IT equipment and software investment still growing strongly

## Contribution by type of investment to growth in business investment

Quarter on quarter, real terms, 3q 2024

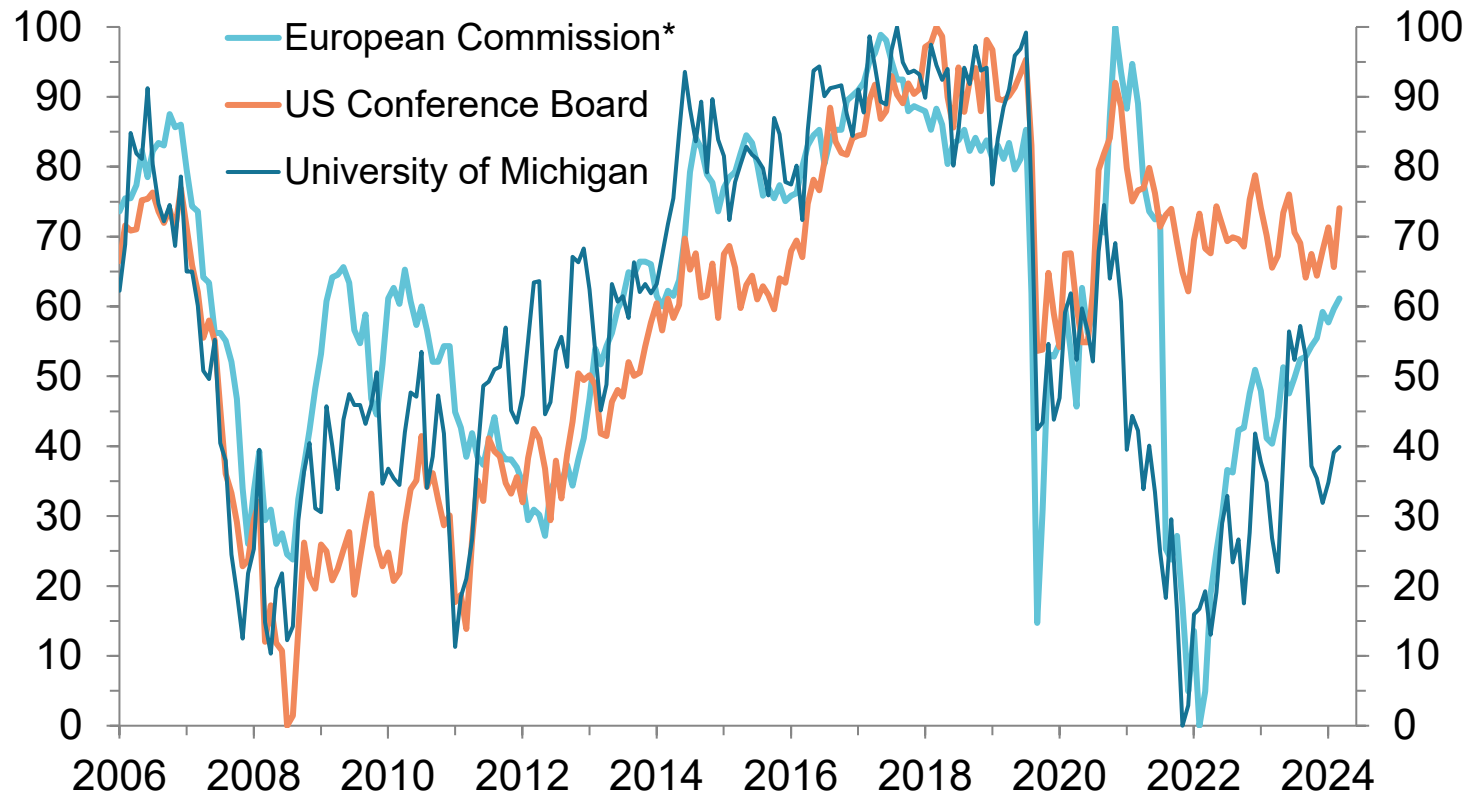


- Absolute growth highest for transportation equipment

Data as at 28 July 2024. \*Average of 1q2024 and 2q2024. Sources: BEA, BNP Paribas Asset Management.

# US Conference Board survey at highest level since January

## Consumer sentiment indices



- Though University of Michigan survey still depressed
- Bigger improvement in Europe

Data as at 29 October 2024. Sources: Bloomberg, BNP Paribas Asset Management.

# During Trump I, fixed income underperformed equities relatively more

## Asset class returns during first Trump presidency

Average annualised monthly total return

		All periods*	Trump I†			All periods*	Trump I†
BONDS	Global Aggregate	4.7%	2.6%	EQUITIES	<b>S&amp;P 500</b>	<b>12.7%</b>	<b>16.4%</b>
	US Aggregate	6.7	3.1		World ex-US	10.6	9.9
	<b>US Treasury</b>	<b>6.4</b>	<b>2.2</b>		Emerging markets	11.3	9.8
	EMBI	8.3	5.4		<b>Russell 2000</b>	<b>13.2</b>	<b>12.8</b>
	<b>TIPS</b>	<b>4.8</b>	<b>2.5</b>		<b>Growth</b>	<b>12.5</b>	<b>20.6</b>
	Global IL	5.0	2.3		Value	14.1	11.9
	EM IL	8.6	9.3		Quality growth	14.2	19.9
	<b>Investment grade</b>	<b>7.3</b>	<b>4.9</b>		<b>Cyclical</b>	<b>10.5</b>	<b>15.3</b>
	<b>High Yield</b>	<b>8.2</b>	<b>6.5</b>		Defensive	8.7	9.4
	FRNs	2.4	2.7		Energy	11.0	0.1
CMOD/FX	<b>Gold</b>	<b>7.1</b>	<b>5.6</b>	Materials	8.9	11.4	
	Commodities	2.3	-0.5	Industrials	10.6	13.3	
	<b>DXY</b>	<b>0.6</b>	<b>0.7</b>	Discretionary**	10.6	15.7	
	<b>EM fx</b>	<b>-3.1</b>	<b>0.7</b>	Staples	8.6	8.9	
				Health Care	12.1	16.3	
			Financials	9.0	17.4		
			<b>Technology</b>	<b>15.3</b>	<b>26.5</b>		
			Telecom	5.6	8.9		
			Media & Ent	11.6	12.5		
			Utilities	5.9	12.8		
			REITs	7.2	10.4		

- Credit did better than Treasuries
- Dollar strengthened in line with history
- Gold outperformed as did linkers
- US large caps and US growth equities had best returns
- Cyclicals

Data as at 31 October 2024. \*Average return from January 1946 or earliest available data. †From October 2016 to November to December 2019. \*\*Excludes Amazon. Sources: Bloomberg, FactSet, BNP Paribas Asset Management.

# Asset class returns depend more on the cycle than on policy rates

## Asset class returns during Fed cutting cycles

Twelve months following first cut, 1984 to present, total return in USD

	All periods†	Fed cutting cycles					Average		All periods†	Fed cutting cycles					Average	
		1984-86	1989-1992	2001-2003	2007-2008	2019-2020				1984-86	1989-1992	2001-2003	2007-2008	2019-2020		
Months till recession		Soft landing	13	2	3	6		Months till recession		Soft landing	13	2	3	6		
BONDS	Global Aggregate	4.8%		0.2%	1.6%	7.6%	7.8%	4.3%	S&P 500	12.7%	18.2%	16.6%	-11.9%	-11.1%	11.9%	4.8%
	US Aggregate	6.7	24.2	9.4	8.4	5.9	10.1	11.6	World ex-US	10.7	26.5	2.8	-21.2	-12.6	-1.3	-1.1
	US Treasury	6.5	22.1	8.7	6.7	8.6	11.8	11.6	Emerging markets	11.3	58.6	26.0	-2.4	-9.8	6.9	15.9
	EMBI	8.4			9.7	6.8	3.0	6.5	Russell 2000	13.3	15.7	0.4	2.5	-5.5	-4.6	1.7
	TIPS	4.9			7.9	11.9	10.4	10.1	Grow th	12.5	15.0	20.3	-20.4	-6.8	29.8	7.6
	Global IL	5.0			4.0	10.8	7.2	7.3	Value	14.1	24.0	8.8	-5.6	-14.7	-6.0	1.3
	EM IL	8.7				10.5	10.1	10.3	Quality grow th	14.3	19.6	22.1	-9.4	-5.8	18.5	9.0
	Investment grade	7.3	23.6	8.3	10.7	1.5	12.0	11.2	Cyclical	11.0	17.9	2.7	-0.6	-14.4	0.1	1.1
	High Yield	8.2		5.3	4.5	-1.4	3.1	2.9	Sensitive	12.3	9.1	13.8	-10.8	-8.4	2.4	1.2
	FRNs	2.4				2.1	2.0	2.1	Defensive	10.4	21.8	20.4	-16.3	1.1	10.9	7.6
C/MOD/FX	Gold	6.9	-4.3	0.3	2.6	23.4	39.8	12.4	Energy	11.0	9.2	26.9	-10.4	5.2	-38.3	-1.5
	Commodities	2.3	-14.2	-2.2	-4.9	12.5	-9.1	-3.6	Materials	8.9	10.1	6.2	3.5	2.1	6.3	5.6
	DXY	0.6	1.5	10.7	-6.2	4.4	5.5	3.2	Industrials	10.6	20.3	18.6	-5.7	-10.4	-5.7	3.4
	EM fx	-3.1			-13.5	6.0	-11.2	-6.2	Discretionary*	10.6	17.2	13.5	-2.6	-18.1	11.3	4.3
									Staples	8.7	19.5	25.5	-6.4	6.6	8.1	10.7
									Health Care	12.3	21.6	25.1	-11.9	-3.5	18.8	10.0
									Financials	9.0	26.4	1.8	-9.0	-34.8	-12.8	-5.7
									Technology	15.3	4.8	16.8	-25.9	-8.9	38.9	5.2
									Telecom	5.5	11.1	28.8	-12.2	-20.0	1.6	1.9
									Media & Ent	11.4		-8.2	-10.8	-16.1	17.9	-4.3
								Utilities	5.9	24.2	10.7	-30.4	0.2	5.8	2.1	
								REITs	7.1	18.0	-10.8	5.9	-7.0	-4.4	0.3	

Data as at 25 September 2024. †Annualised average monthly return. \*Excludes Amazon.

Note: Cyclical = Materials, Discretionary, Financials, REITs; Sensitive = Energy, Industrials, Technology, Telecommunications, Media & Entertainment; Defensive = Staples, Health Care, Utilities. Sources: FactSet, BNP Paribas Asset Management.

# History suggests overweight equities (US), credit (IG), growth, large cap and defensives

## Relative asset class returns during Fed cutting cycles

Which asset outperformed in the 12 months following the beginning of the cutting cycle

### Beginning of cutting cycle

Asset class	1984	1989	2001	2007	2019	Average
Months till recession		13	2	3	6	
Equities vs bonds	Bonds	Equities	Bonds	Bonds	Equities	<b>Bonds</b>
Credit vs govies	Credit	Govies	Credit	Govies	Credit	<b>Credit</b>
Investment grade vs high yield		IG	IG	IG	IG	<b>IG</b>
Dollar	Dollar	Dollar	Non-dollar	Dollar	Dollar	<b>Dollar</b>
US equities vs ROW	ROW	US	US	US	US	<b>US</b>
Growth vs value	Value	Growth	Value	Growth	Growth	<b>Growth</b>
Large vs small	Large	Large	Small	Small	Large	<b>Large</b>
Defensive vs cyclical	Defensive	Defensive	Cyclical	Defensive	Defensive	<b>Defensive</b>
Top 3 sectors	Financials Utilities Health Care	Telecom Energy Staples	REITs Materials Discretionary*	Staples Energy Materials	Technology Health Care Media & Ent	<b>Staples</b> <b>Health Care</b> <b>Materials</b>

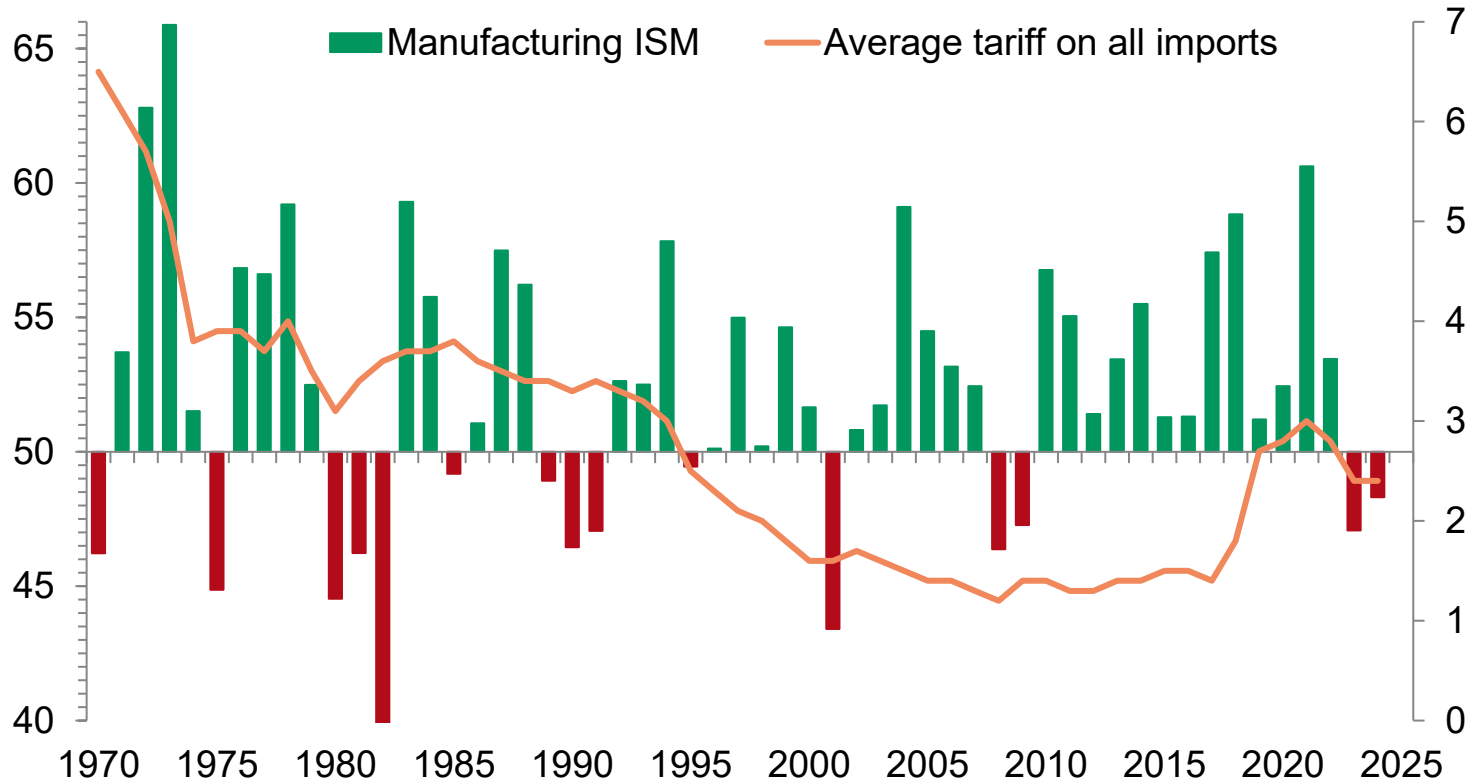
- Sector call less clear
- No sector was top three more than twice

Data as at 25 September 2024. \*Excludes Amazon. Sources: FactSet, BNP Paribas Asset Management.

# Impact of higher tariffs, in aggregate, will depend on the scale and scope

## Average US import tariff and manufacturing activity

Annual average for ISM



- Increase during Trump administration was to a level still lower than existed in the 1980s and low in absolute terms: 2.8%
- Impact of higher tariffs on particular industries and or countries, however, could be quite meaningful

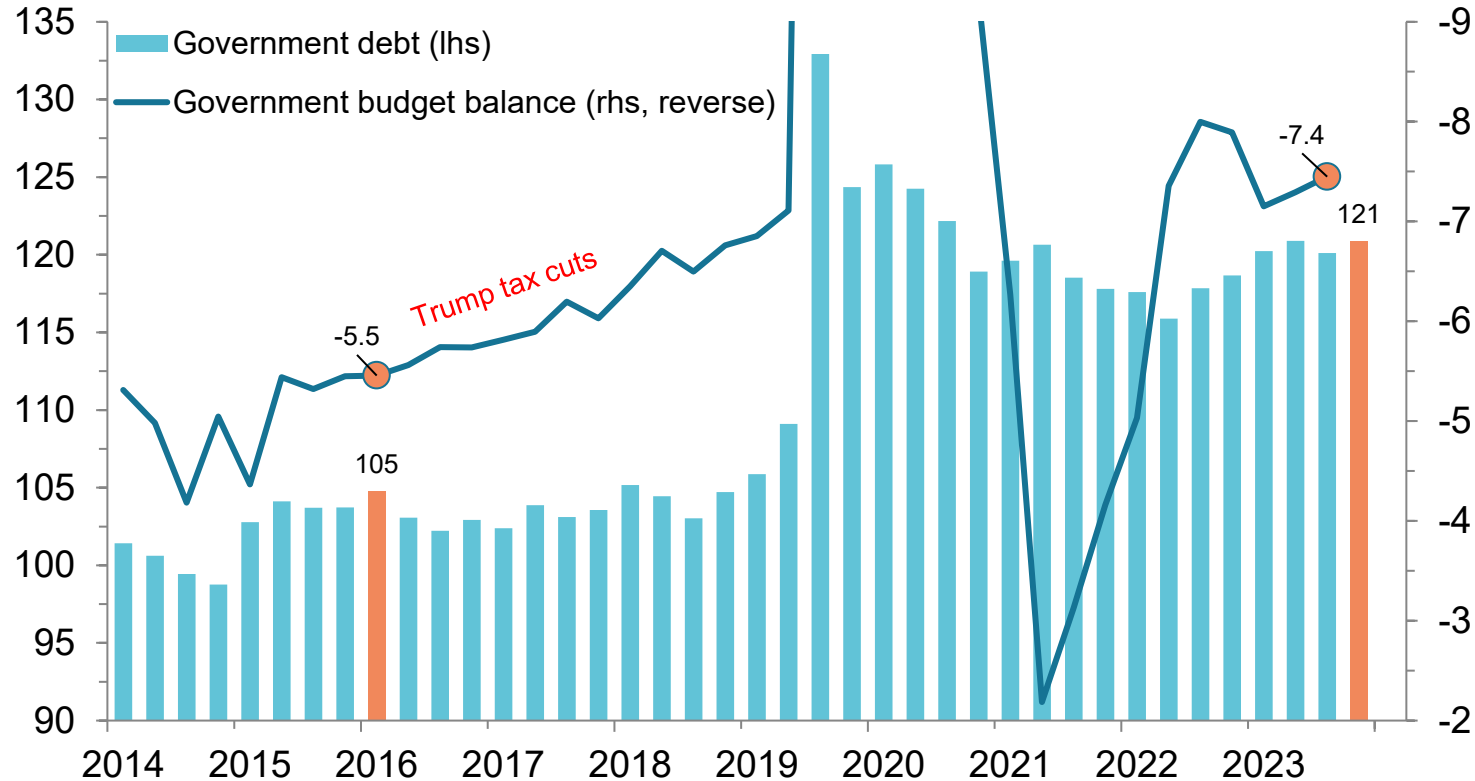
Data as at 16 October 2024. Sources: US International Trade Commission, Institute for Supply Management, BNP Paribas Asset Management.



# US debt levels and budget deficit higher now than at the start of Trump I

## US government debt ratio and budget deficit

Percent of GDP

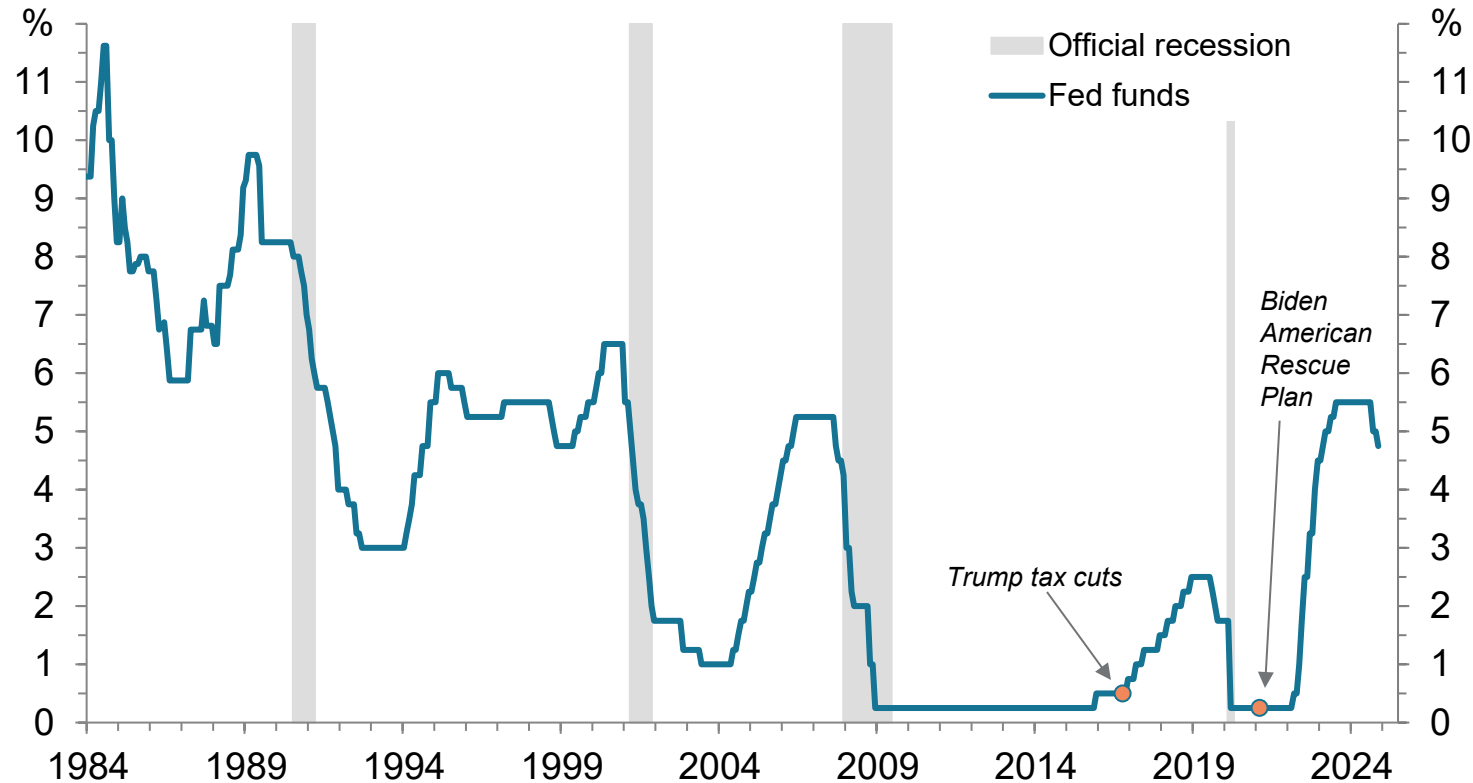


- For a stable debt-to-GDP ratio, need nominal GDP growth equal to budget deficit (7.4% in 2024)
- Debt-to-GDP ratio did not increase despite higher budget deficit under Trump I thanks to higher growth
- Potential improvement in budget deficit due to partial reversal of IRA and government reform (Musk)
- Depends what happens with taxes, particularly corporate

Data as at 8 November 2024. Sources: FactSet, BNP Paribas Asset Management.

# Fed began hiking policy rates soon after Trump's win in 2016 when inflation was 1.7%

## Fed funds rate and US recessions



- In response to tax cuts (\$1.9 trillion over 10 years)
- No hikes, though, after Biden's fiscal stimulus package (\$1.9 trillion immediately) when inflation was 2.2%
- How will Fed react to higher tariffs or further fiscal stimulus?

Data as at 8 November 2024. Sources: FactSet, BNP Paribas Asset Management.

# TOPICS

## Macro outlook



U.S.



EUROPE



EMERGING MARKETS

## Asset classes



EQUITIES



FIXED INCOME

# Services generally good, manufacturing not

## Purchasing Manager Indices (PMI)

Sector	Country	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	1mo chg
S E R V I C E S	US ISM*	53	51	53	53	51	49	54	49	51	52	55	56.0	1.1
	US PMI	51	51	53	52	52	51	55	55	55	56	55	55.0	-0.1
	Germany	50	49	48	48	50	53	54	53	52	51	51	51.6	1.0
	France	45	46	45	48	48	51	49	50	50	55	50	49.2	-0.5
	Italy	50	50	51	52	55	54	54	54	52	51	50	52.4	1.9
	Spain	51	52	52	55	56	56	57	57	54	55	57	54.9	-2.2
	UK	51	53	54	54	53	55	53	52	52	54	52	52.0	-0.3
	Japan	51	51	53	53	54	54	54	49	54	54	53	49.7	-3.4
	China	51	52	52	52	53	52	53	51	51	51	50	51.1	0.9
	M A N U F A C T U R Y	US ISM*	47	47	49	48	50	49	49	49	47	47	47	46.5
US PMI		49	48	51	52	52	50	51	52	50	48	47	48.5	1.2
Germany		43	43	46	43	42	42	45	44	43	42	41	43.0	2.4
France		43	42	43	47	46	45	46	45	44	44	45	44.5	-0.1
Italy		44	45	49	49	50	47	46	46	47	49	48	46.9	-1.4
Spain		46	46	49	52	51	52	54	52	51	51	53	54.5	1.5
UK		47	46	47	48	50	49	51	51	52	53	52	49.9	-1.6
Japan		48	48	48	47	48	50	50	50	49	50	50	49.2	-0.5
China		50	50	50	50	51	51	51	51	50	50	50	50.2	0.6

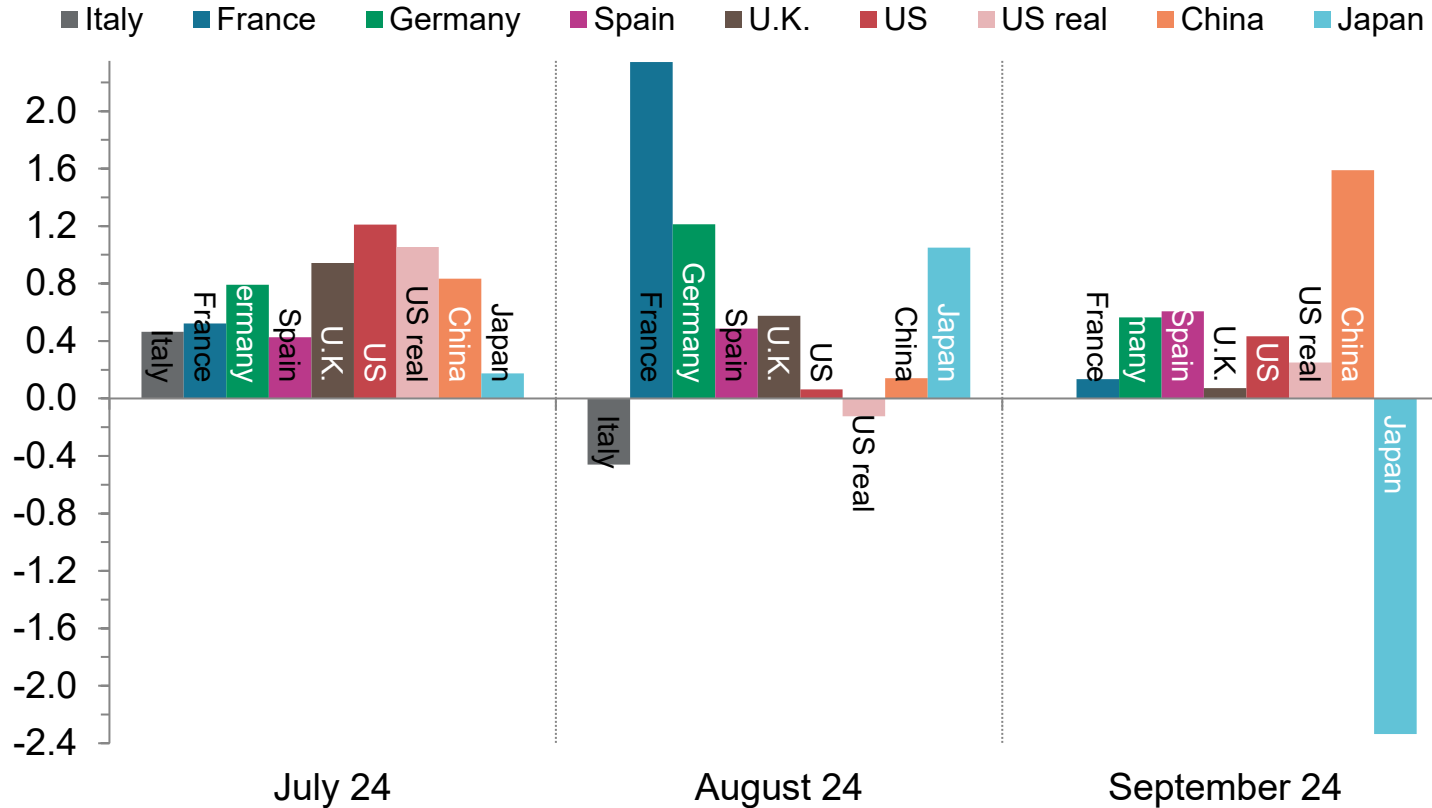
IRA impact?

Data as at 9 November 2024. \*Institute of Supply Management, Purchasing Manager Index. Sources: S&P, ISM, BNP Paribas Asset Management.

# Big decline in Japanese retail sales; recovery in China

## Retail sales value

Month-on-month change, seasonally adjusted



Data as at 2 November 2024. Sources: Haver, BNP Paribas Asset Management.

# TOPICS

## Macro outlook



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EMERGING MARKETS

## Asset classes



EQUITIES



FIXED INCOME

# India PMI one of the highest in emerging markets

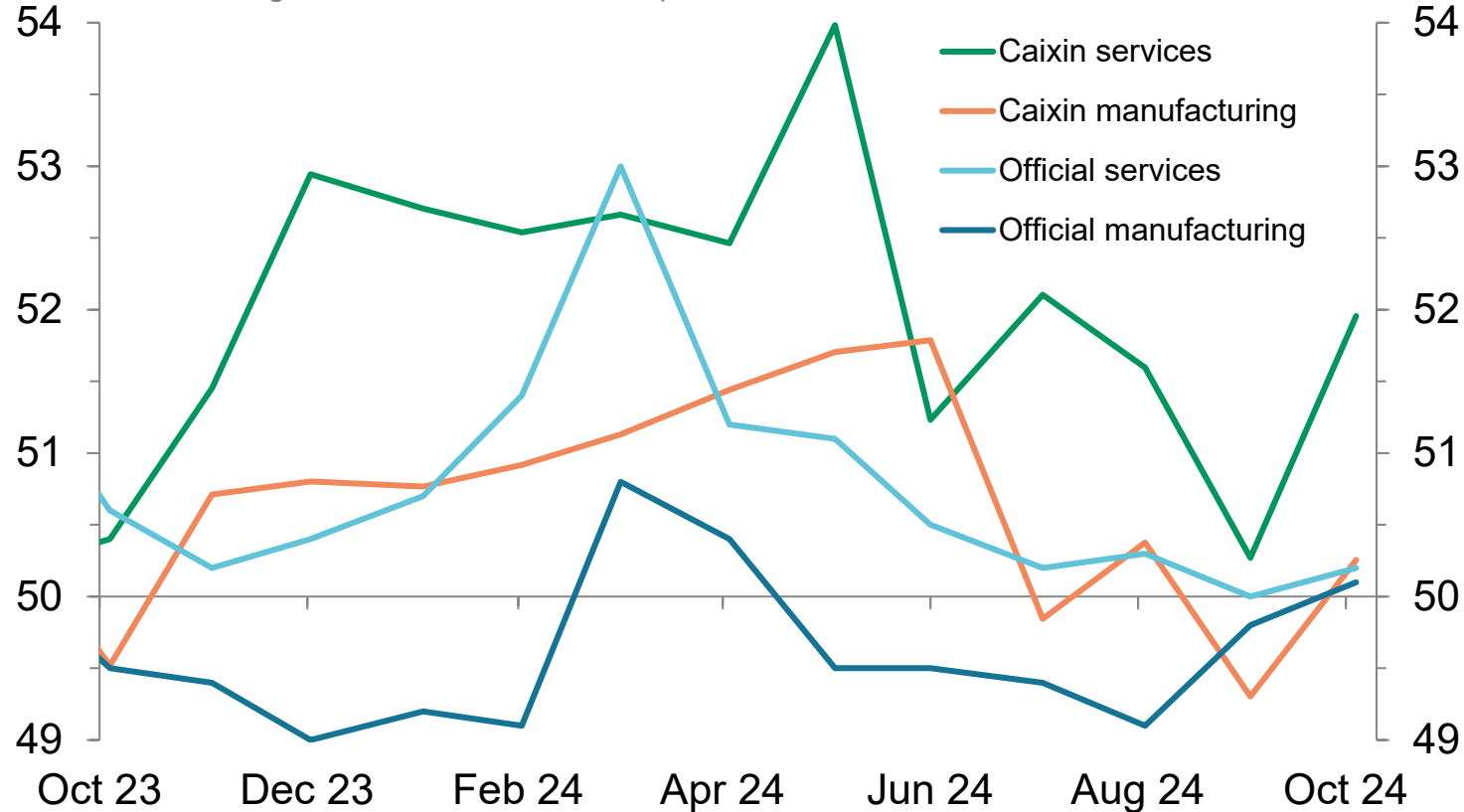
	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	1m chg
<b>Emerging markets</b>	<b>52</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>53</b>	<b>52</b>	<b>52</b>	<b>51</b>	<b>52</b>	1.3
Czech Rep.	43	42	43	44	46	45	46	45	44	47	46	47	1.1
Egypt	48	49	48	47	48	47	50	50	50	50	49	49	0.2
Ghana	52	52	48	50	51	51	52	50	50	51	49	49	0.2
Hungary	52	53	50	52	52	52	52	49	49	48	50	48	-2.1
Israel	47	49	51	49	51	51	53	52	47	54	51	51	0.0
Kenya	46	49	50	51	50	50	52	47	43	51	50	50	0.7
Lebanon	49	48	49	49	49	49	48	48	48	48	47	57	10.5
Mozambique	50	49	48	51	50	50	51	51	51	51	50	50	-0.1
Nigeria	48	53	55	51	51	51	52	50	49	50	50	47	-2.9
Poland	49	47	47	48	48	46	45	45	47	48	49	49	0.5
Russia	52	56	55	52	53	52	51	50	52	52	49	51	1.4
Saudi Arabia	58	57	55	57	57	57	56	55	54	55	56	61	4.9
South Africa	50	49	49	51	48	50	50	49	49	50	51	49	-1.8
Turkey	47	47	49	50	50	49	48	48	47	48	44	46	1.5
Uganda	53	55	54	52	49	53	54	52	54	56	54	53	-1.3
UAE	57	57	56	57	57	55	55	55	54	54	54	54	0.0
Zambia	50	50	49	47	49	48	49	48	49	48	46	48	2.3
Brazil	51	50	53	55	55	55	54	54	56	53	55	56	0.8
Mexico	52	52	50	52	52	51	51	51	50	48	47	48	1.1
China	50	51	51	51	52	51	52	51	50	50	50	51	0.7
India	57	59	61	61	62	61	60	61	61	61	58	59	0.8
Indonesia	52	52	53	53	54	53	52	51	49	49	49	49	-2.2
Kazakhstan	49	49	50	48	51	51	51	51	51	50	52	50	-2.2
Malaysia	48	48	49	49	48	49	50	50	50	50	50	50	-2.2
South Korea	50	50	51	51	50	49	52	52	51	52	48	50	1.6
Taiwan	48	47	49	49	49	50	51	53	53	52	51	47	-3.9
Vietnam	47	49	50	50	50	50	50	55	55	52	47	51	3.8

Data as at 9 November 2024. The above view(s) represent our judgement as at the date of this presentation and may be subject to change without notice. Sources: FactSet, BNP Paribas Asset Management.

# China PMIs above 50 but three only barely

## China manufacturing and services PMIs

Index level; value greater than 50 indicates expansion



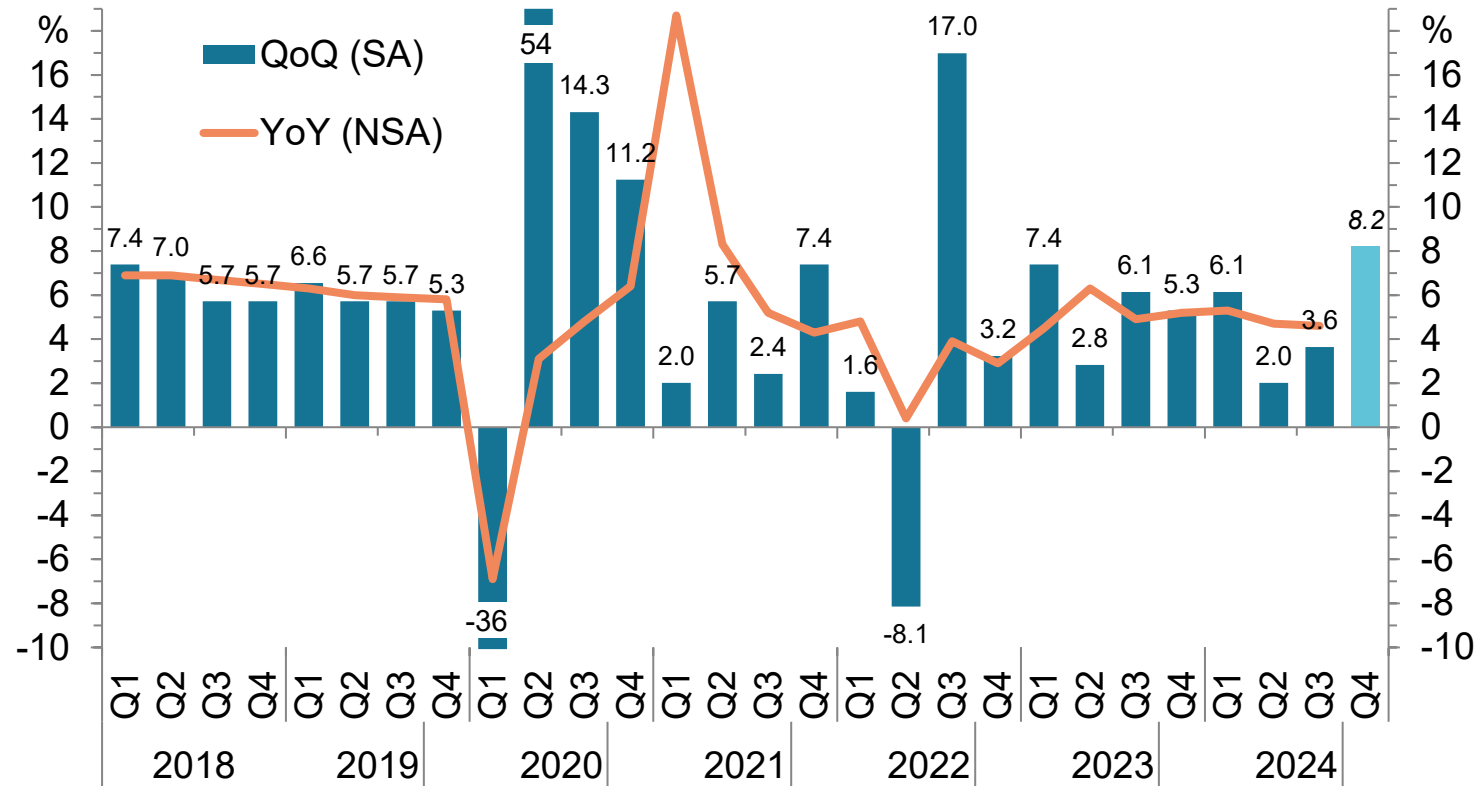
- Stimulus measures should boost activity in the months ahead

Data as at 2 November 2024. Sources: Bloomberg, National Bureau of Statistics of China, HSBC, BNP Paribas Asset Management.



# Challenging for China to get to 5% GDP growth this year

## Real GDP growth



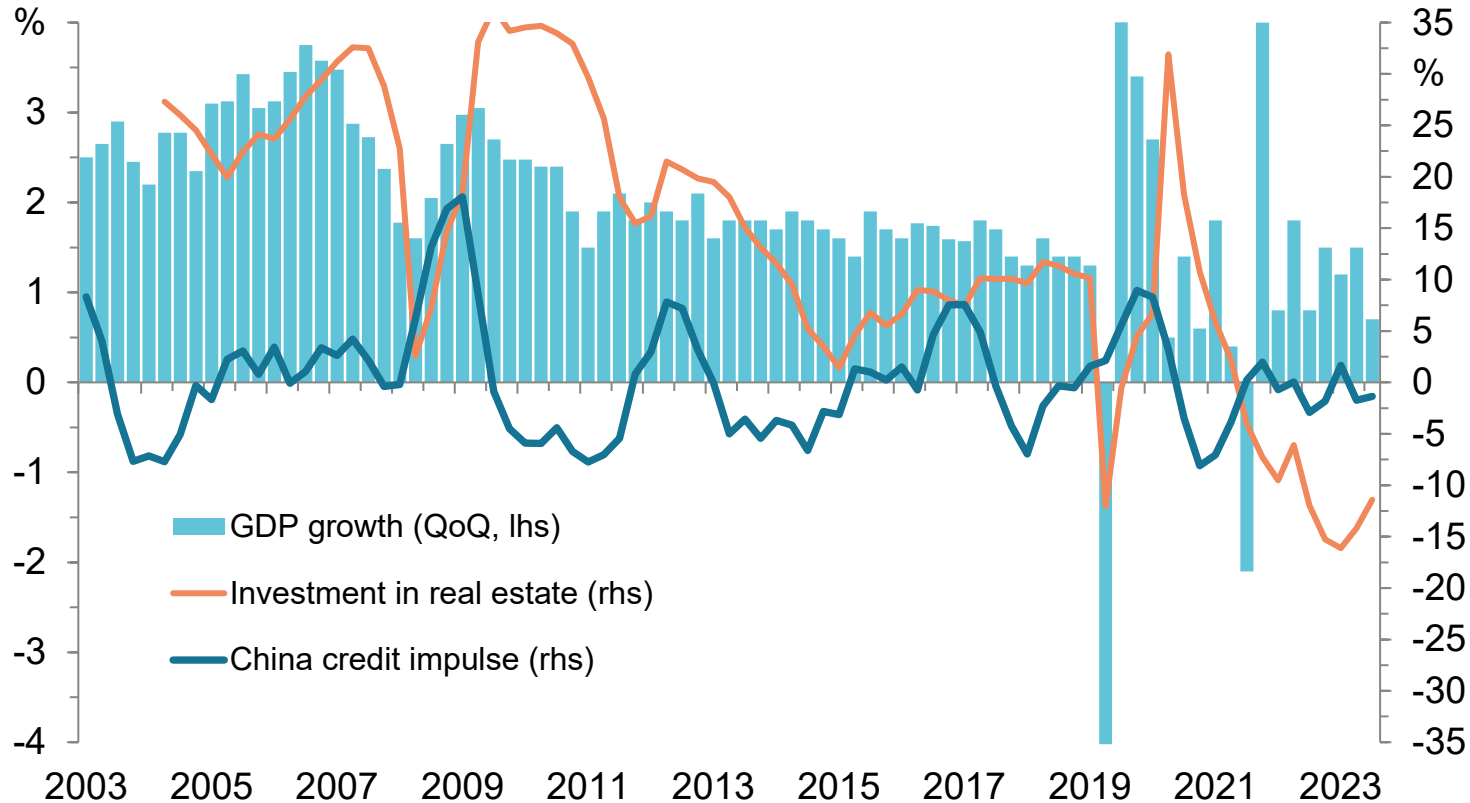
- Growth in the fourth quarter will have to be much stronger
- Imports and exports also disappointing

Data as at 20 October 2024. No assurance can be given that any forecast, target, or opinion will materialise. Sources: Haver, BNP Paribas Asset Management.

# Negative credit impulse!

## China credit impulse and GDP growth

GDP growth quarter-on-quarter from 2003; credit impulse and real estate investment is change YoY



Data as at 23 July 2024. Sources: Haver, FactSet, Bloomberg, BNP Paribas Asset Management.

- Three sources of GDP growth
  - Consumption
    - Government does not favour
  - Investment
    - New sectors only make up 6% of GDP vs 22% for property
    - Massive investment will only create overcapacity
  - Net exports
    - Can't rerun the old model
    - Tariff barriers rising and EM not big enough

# TOPICS

## Macro outlook



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EMERGING MARKETS

## Asset classes



EQUITIES

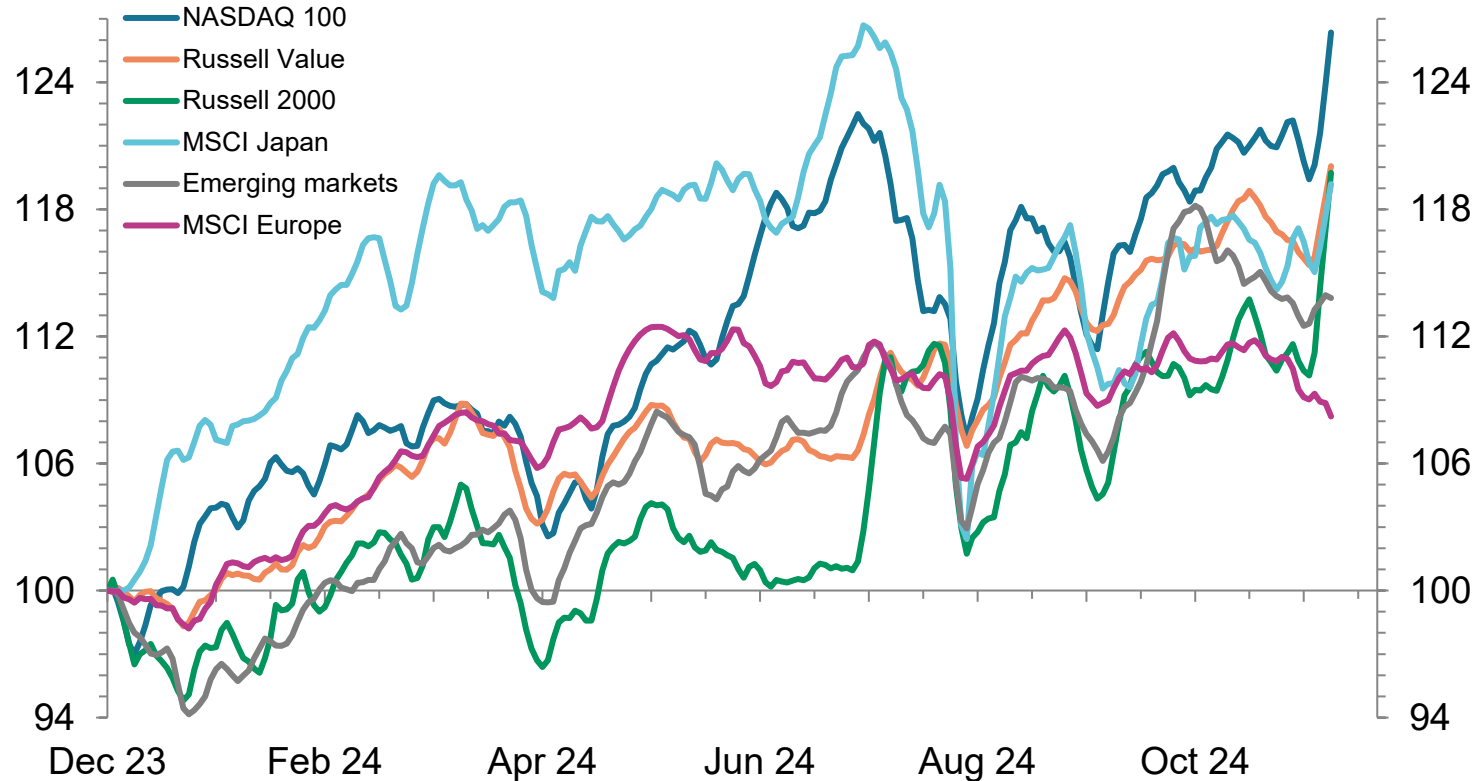


FIXED INCOME

# Big gains in US equity indices not reflect in Europe or emerging markets

## Key index total returns

31 December 2023 = 100; value in legend is return to date from July peak



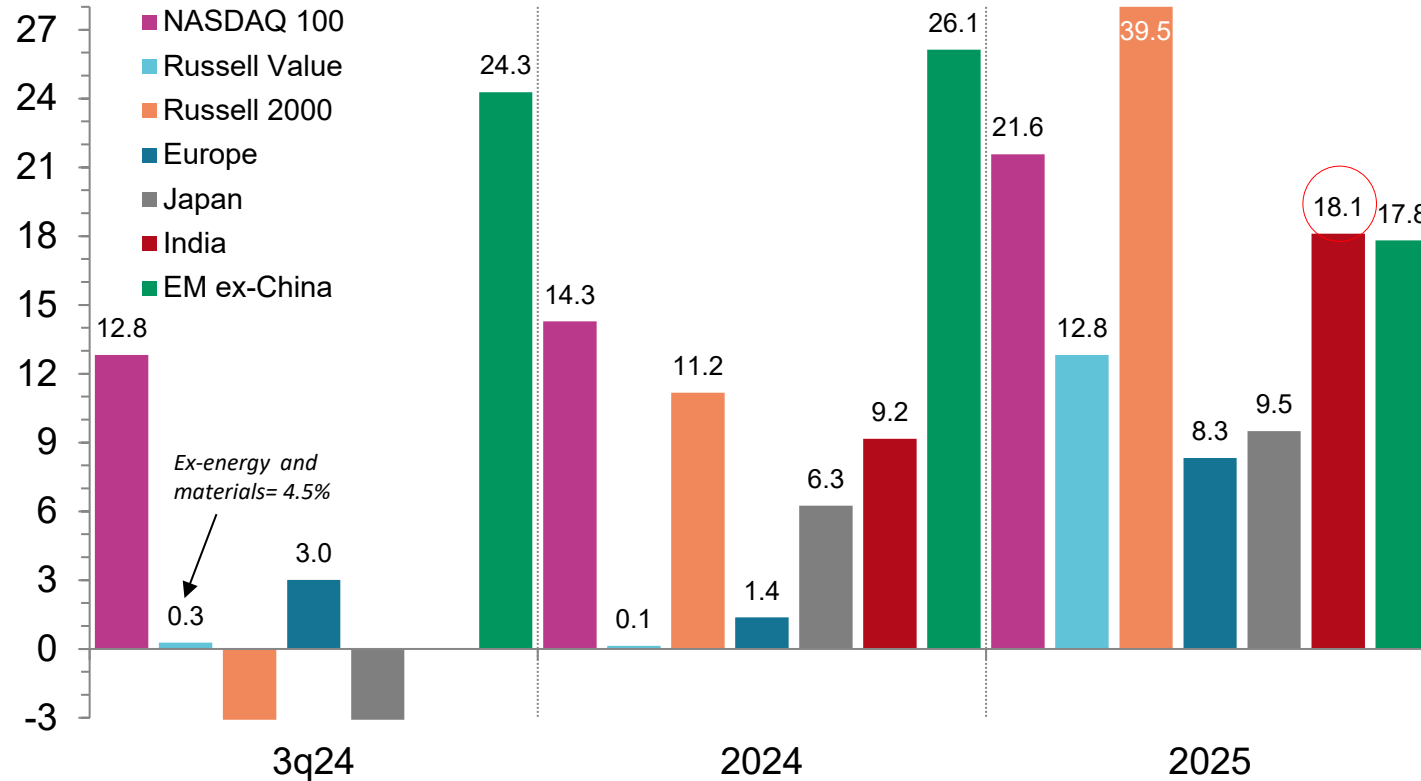
- Non-US markets likely to continue to lag

Data as at 9 November 2024. Note: local currency terms except MSCI Emerging Markets (USD). Sources: FactSet, BNP Paribas Asset Management.

# High expectations for US tech, India and EM tech next year

## Consensus year-on-year earnings growth estimates

Local currency terms



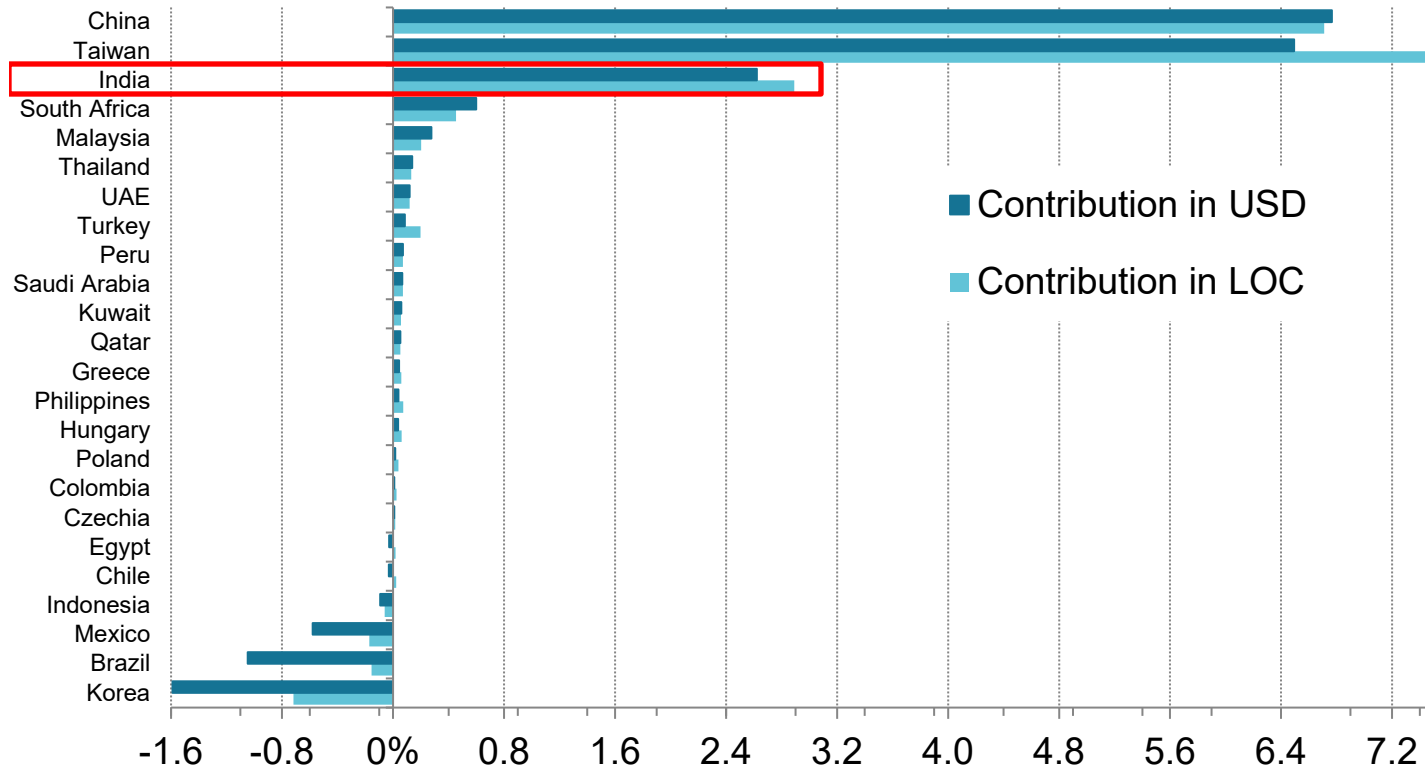
- Most other markets well behind

Data as at 8 November 2024. No assurance can be given that any forecast, target, or opinion will materialise. Sources: FactSet, BNP Paribas Asset Management.

# Indian equity performance still good but lagging the leaders

## Contribution to EM YTD performance

Total return in USD and local currency (LOC), %, 2024 to date



- China's gains reflect poor returns in 2023
- Taiwan a mirror of Nasdaq

Data as at 8 November 2024. LOC = local currency. Sources: FactSet, BNP Paribas Asset Management.

# Most recent stimulus package seems to be a damp squib

## Relative performance of Chinese equities vs world

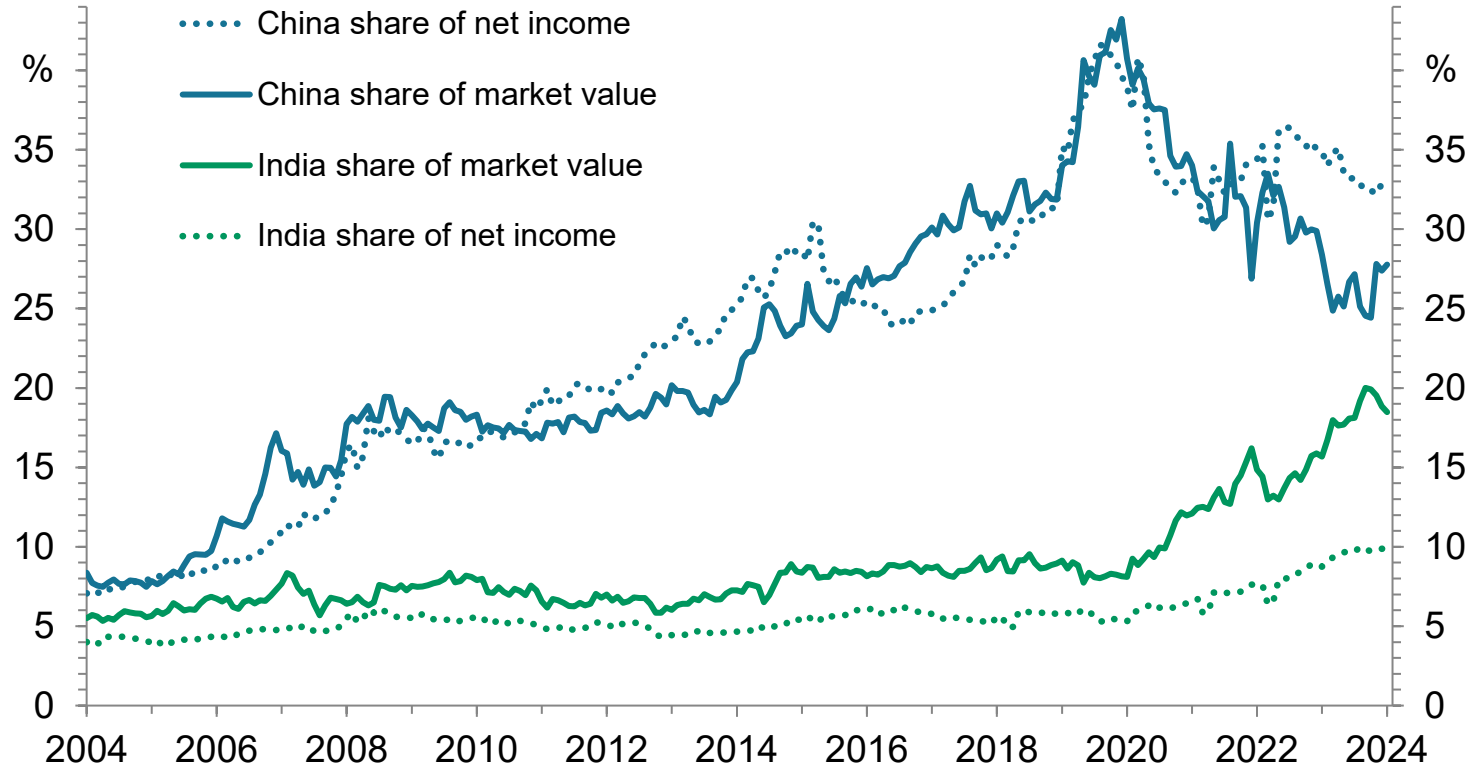


- Weak property market and confidence still key problems

Data as at 5 November 2024. Sources: FactSet, BNP Paribas Asset Management.

# India's weight in MSCI EM index has risen as China's has fallen, but

## Share of MSCI Emerging Markets index net income and market value



- India's share in the MSCI EM index has risen to 18% as China's has fallen to 28%
- But China still contributes much more net income than India
- Market is valuing India's profits very highly

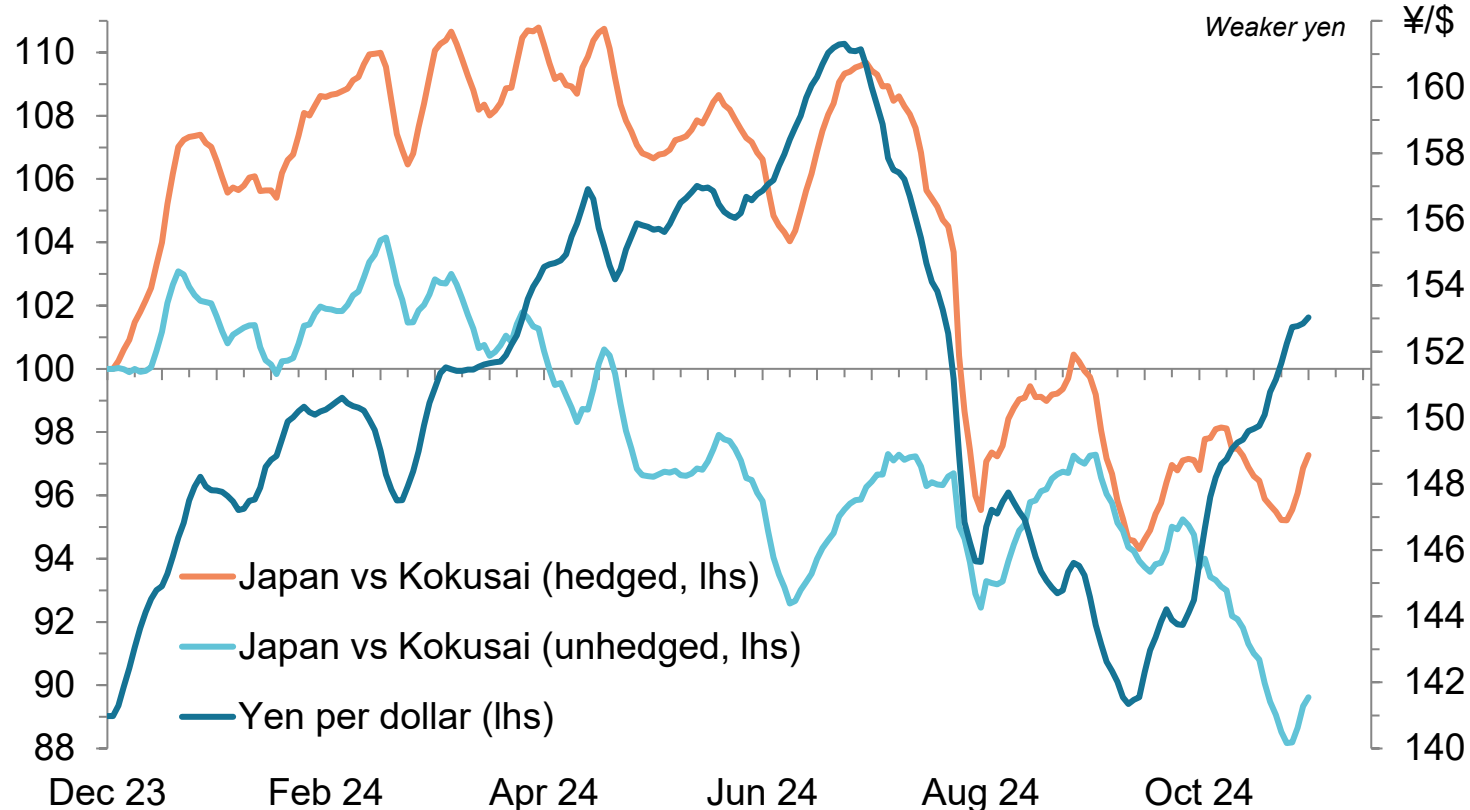
Data as at 8 November 2024. Sources: FactSet, BNP Paribas Asset Management.



# Recent yen weakness has helped Japanese equity outperformance

## Relative performance of Japanese equities and yen per dollar

Kokusai index = World equities ex Japan



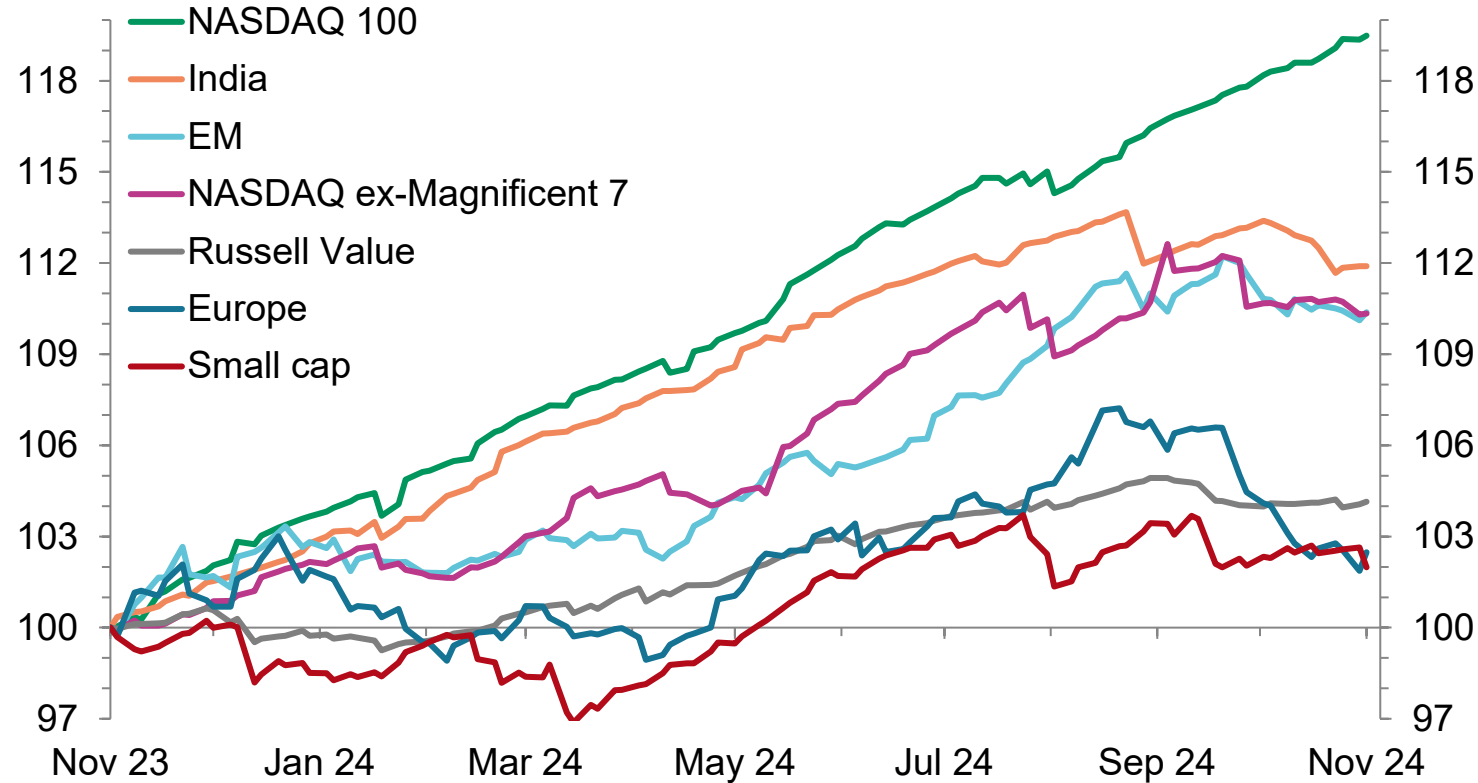
- Political uncertainty was weighing on the market

Data as at 2 November 2024. Sources: FactSet, BNP Paribas Asset Management.

# Earnings growth expectations starting to wane for India

## Next-twelve-month EPS estimate

Local currency terms



- Tech ex-Mag 7 also lagging

Data as at 8 November 2024. Past or current yields are not an indication of future return. Sources: Bloomberg, BNP Paribas Asset Management.

# India equity market still with high valuations

## Valuation metric z-scores

Market	P/E	P/B	P/S	EV/S	P/CE	PEG*	DY	EV/EBITDA
India	2.0							
Russell Value	1.5	2.0	1.8	1.2	3.0	0.3	1.5	1.6
United States	1.5	2.4	2.2	2.0	2.1	0.8	1.2	1.0
US Small Cap	1.1	-0.2	1.8	0.9	2.3	1.4	0.4	0.8
Developed Markets	1.1	2.1	2.0	2.0	2.2	0.5	1.1	1.5
EM ex-China	0.6							
Japan	0.5	1.2	1.4	1.2	0.8	-0.3	-0.1	0.8
NASDAQ	0.5	2.2	2.2	2.2	2.2	-0.2	0.0	1.4
Emerging Markets	0.0	0.3	0.8	0.2	1.5	0.5	0.0	0.5
Europe	-0.2	0.3	0.9	0.2	0.8	-0.2	0.4	-0.4
China	-0.3	-0.5	0.1	0.0	0.3	0.3	0.2	0.7

- NASDAQ above average but not extreme

Shading	z-score
	>1
	>0.5
	-0.5 – 0.5
	<-0.5
	<-1

P/E = Price-to-Earnings  
 P/B = Price-to-Book  
 P/S = Price-to-Sales  
 EV/S = Enterprise Value-to-Sales  
 P/CE = Price-to-Consumer Expenditures  
 PEG = Price/Earnings-to-growth ratio  
 DY = Dividend Yield  
 EV/EBITDA = Enterprise Value-to-Earnings before Interest, Taxes, Depreciation & Amortization

Data as at 9 November 2024. \*Earnings growth measured by return on equity. The value of your investments may fluctuate. Past performance is no guarantee for future returns. Sources: IBES, Bloomberg, BNP Paribas Asset Management.

# TOPICS

## Macro outlook



U.S.



EUROPE



EMERGING MARKETS

## Asset classes



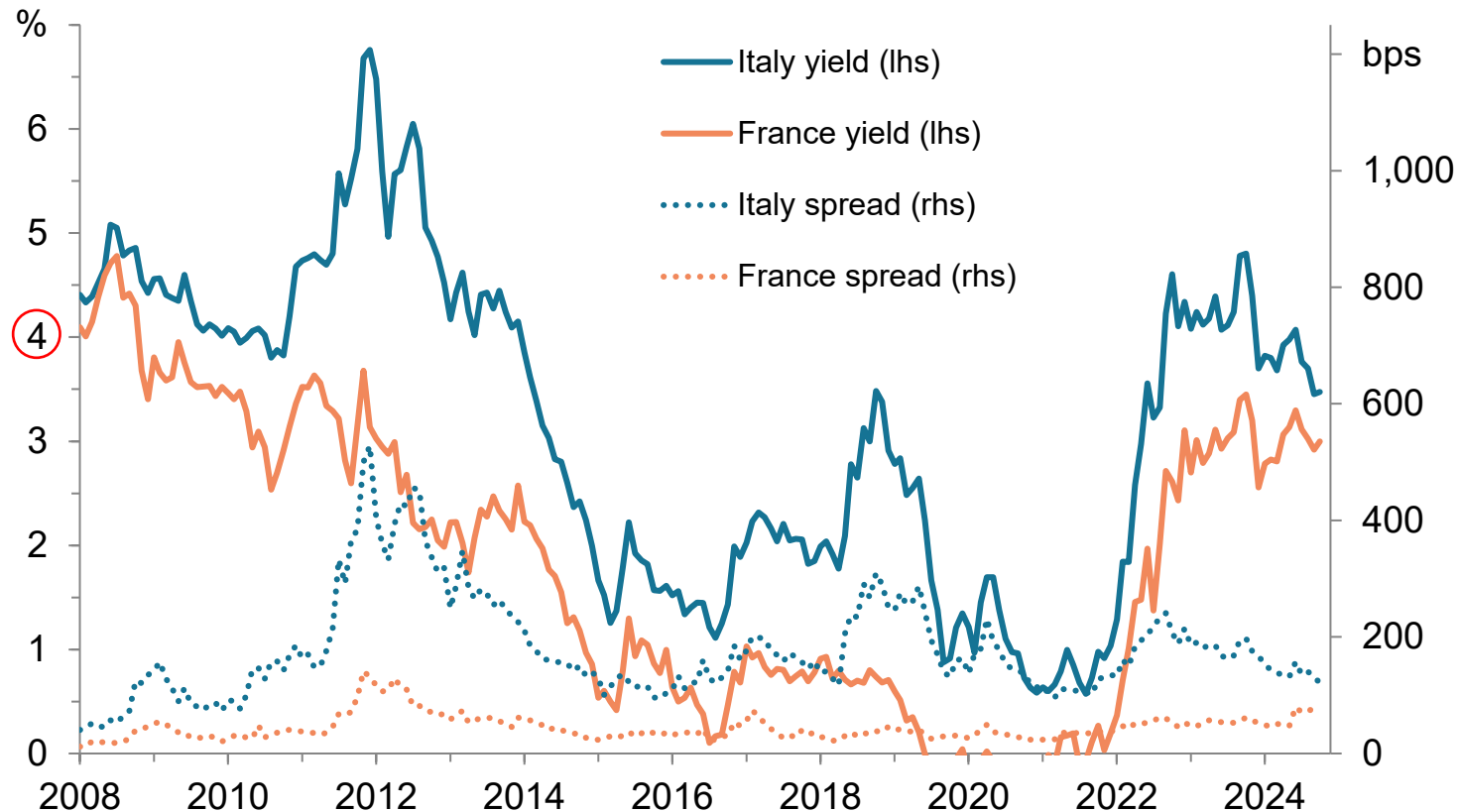
EQUITIES



FIXED INCOME

# France spreads have moved up slightly given fiscal difficulties

## Peripheral government bond yields and spreads



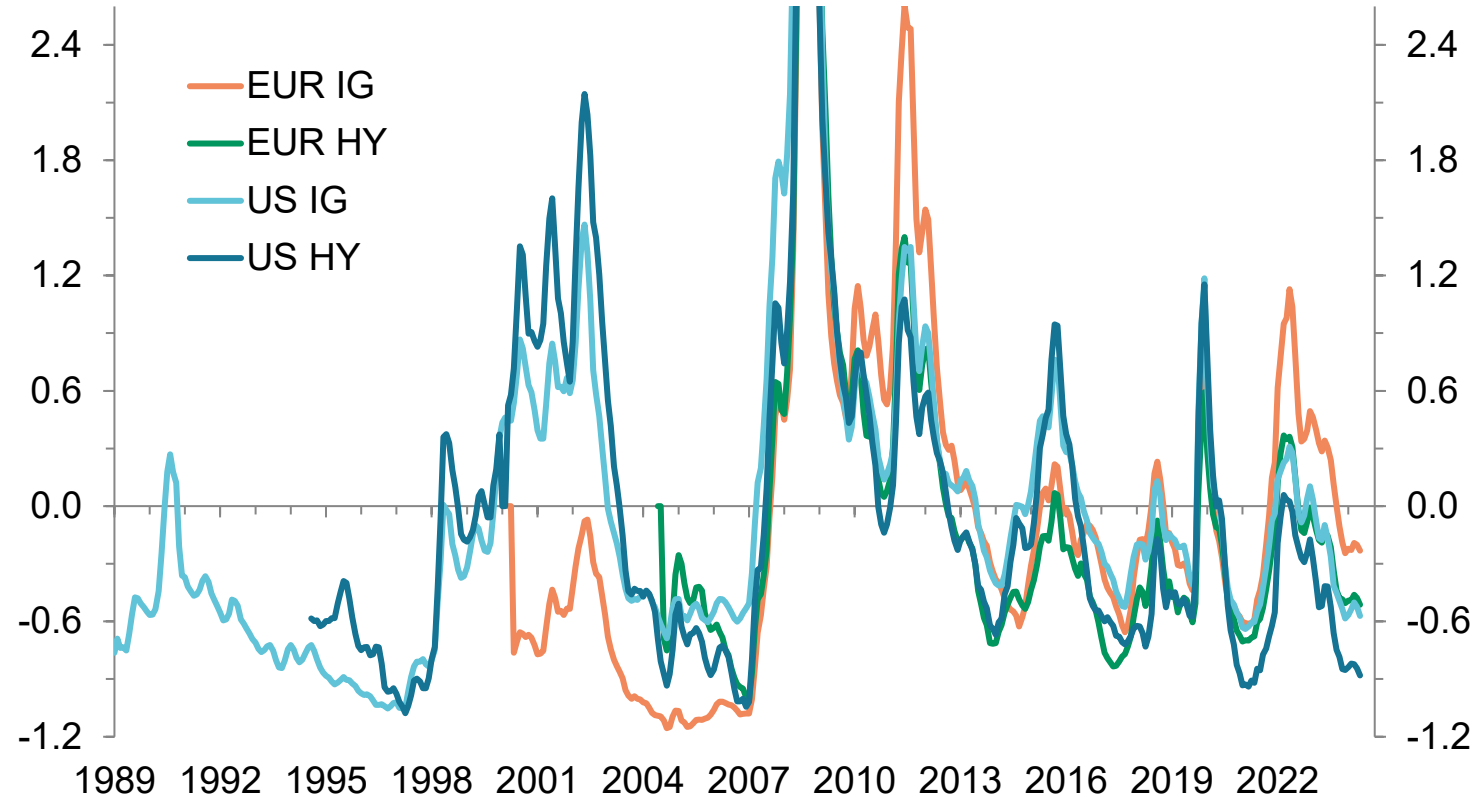
- ECB calming worries about Italian debt levels and growth

Data as at 28 October 2024. Past or current yields are not an indication of future return. Sources: Bloomberg, BNP Paribas Asset Management.

# First widening in spreads in a long time

## US and Europe credit spreads

z-scores, 3-month moving average

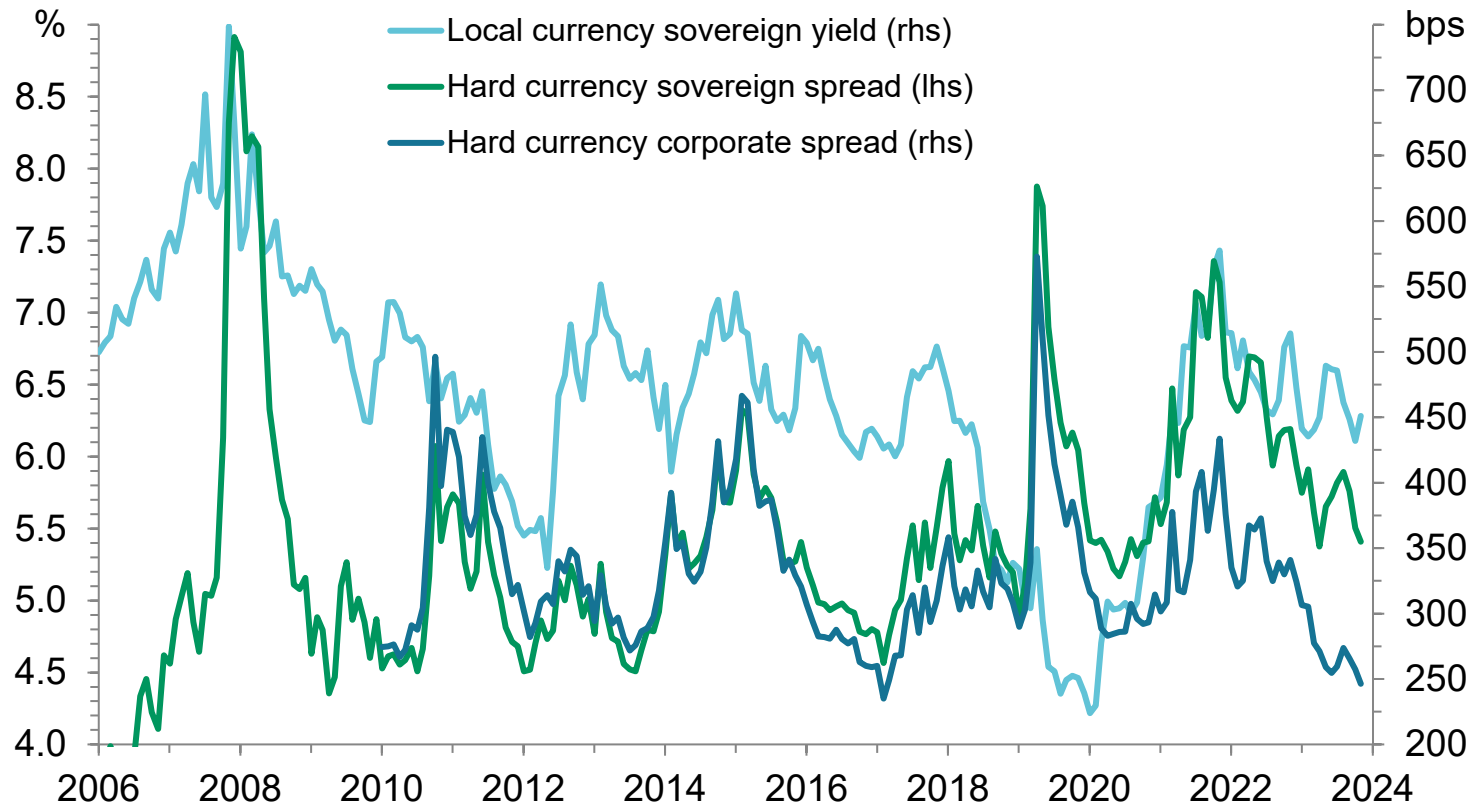


- Eurozone investment grade spreads below average, but less than other markets

Data as at 28 October 2024. Past or current yields are not an indication of future return. Note: Option Adjusted Spread. Sources: FactSet, BNP Paribas Asset Management.

# Rally in spreads leading to higher valuations for USD corporate date

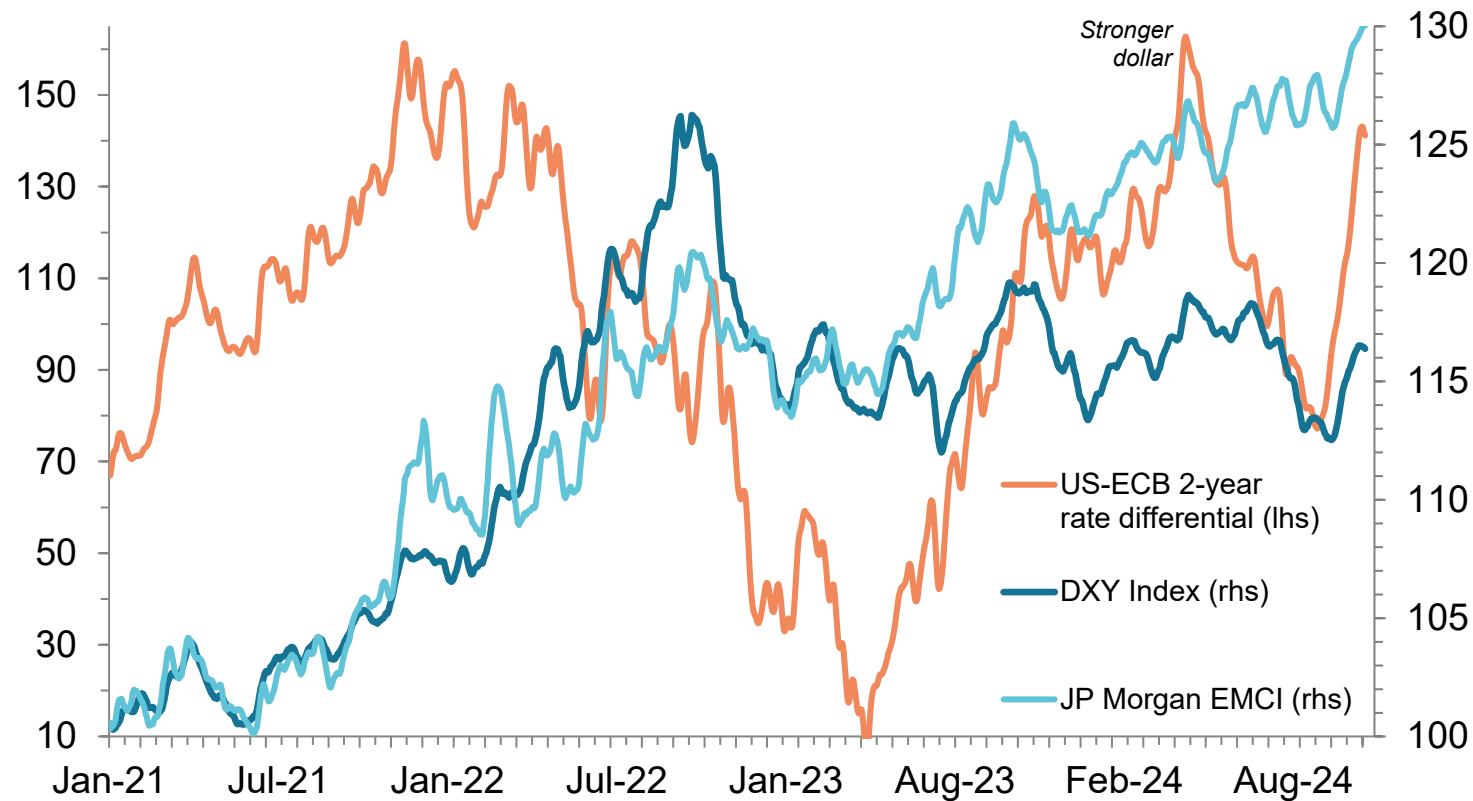
## Emerging market bond yields and spreads



Data as at 28 October 2024. Past or current yields are not an indication of future return. Sources: FactSet, BNP Paribas Asset Management.

# Dollar following interest rate differential

## Dollar and policy rate expectations



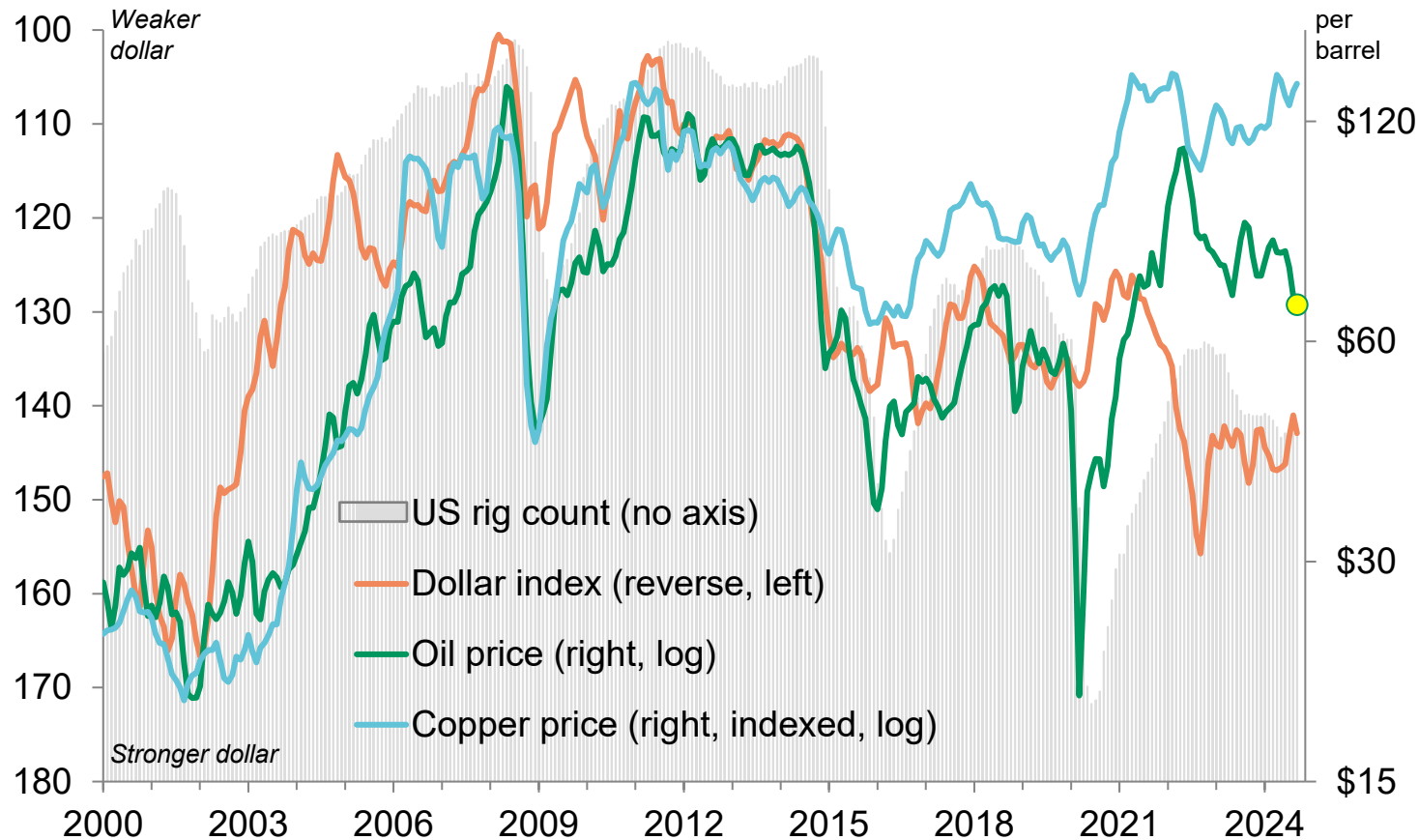
- Growth differential also favouring US

Data as at 5 November 2024. Note: EMCI = Emerging Market Currency Index. DXY is a geometrically weighted average of USD versus EUR (~58%), JPY (~14%), GBP (~12%), CAD (~10%), SEK (~4%), and CHF (~4%).  
Sources: Bloomberg, MSCI, BNP Paribas Asset Management.



# Middle East tensions so far having little impact on oil prices

## Inflation expectations and oil prices

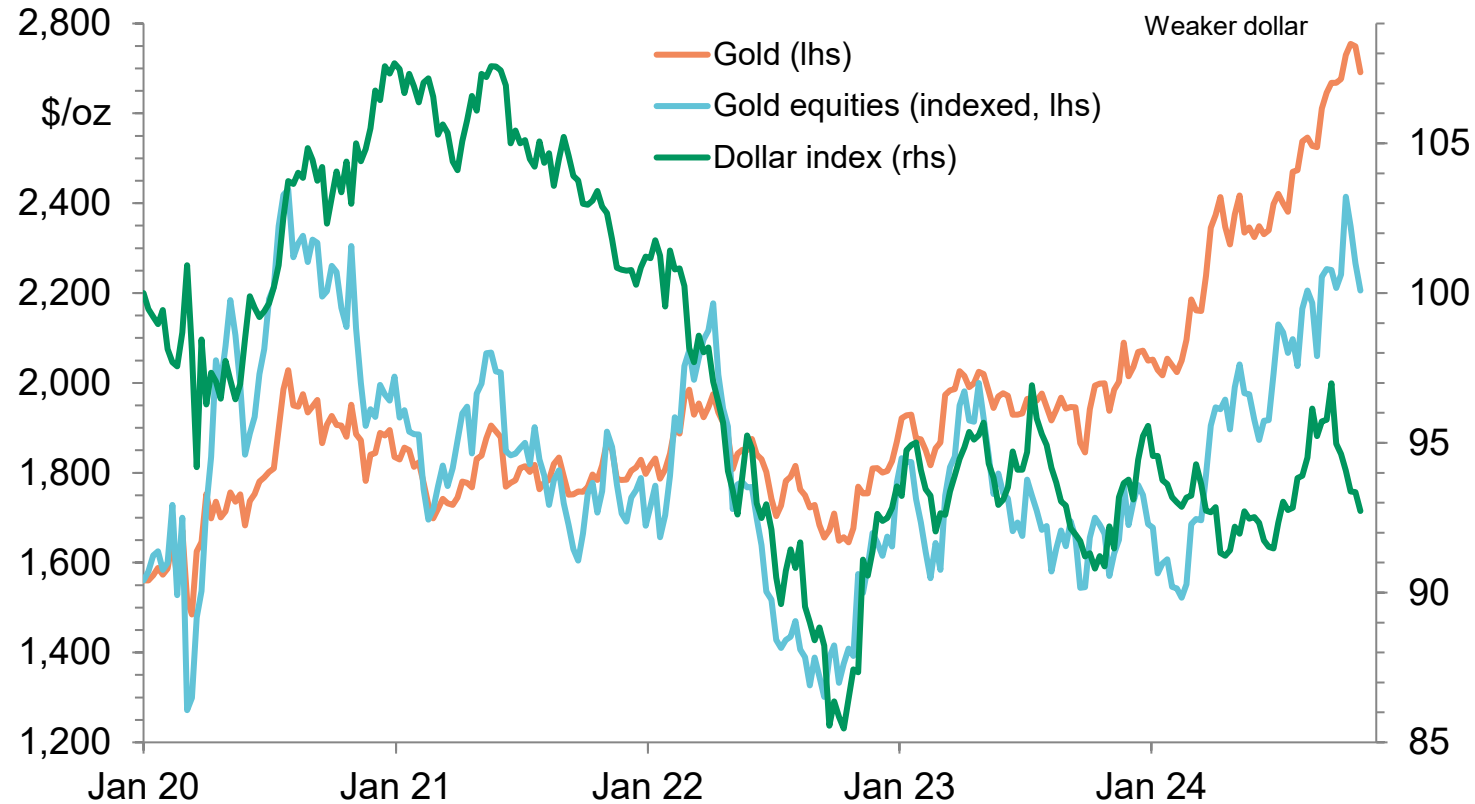


- Copper prices suggest global growth outlook is still positive

Data as 29 October 2024. The above view(s) represent our judgement as at the date of this presentation and may be subject to change without notice. Sources: Bloomberg, BNP Paribas Asset Management.

# Combination of factors driving gold

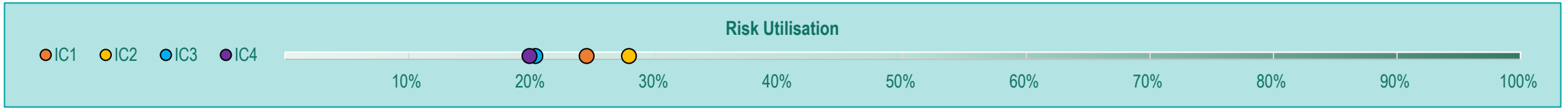
## Gold price and 10-year inflation expectations



- Inflation
- Geopolitics
- Central bank buying
- Stronger dollar a counterweight

Data as at 8 November 2024. Sources: FactSet, BNP Paribas Asset Management.

# Multi-asset portfolio views



	Strongly Dislike	Dislike	Neutral	Favour	Strongly Favour
<b>Risk utilisation</b>		X			
<b>Asset allocation</b>			Cash Commodities	Equities Government Bonds Credit Real Estate	
<b>Equity regions</b>			Europe Japan Emerging Markets	US	
<b>Equity style/size/sector</b>			Large cap (US, EU) Small cap (US)	EU small cap	
<b>Sovereign bonds</b>		France	US	EMU UK	
<b>Credit</b>			EMD US IG US HY EUR HY	EU IG	
<b>Commodities</b>			Energy Base metals	Precious metals	
<b>FX</b>			USD, EUR, GBP		

Twelve-month, risk-adjusted view. The above view(s) represent our judgement as at the date of this presentation and may be subject to change without notice. Data as at November 2024. Sources: BNP Paribas Asset Management.

# SUMMARY

## Macro



- Risk of overheating and no landing in the US
- Tough reaction of the Fed could still lead to a recession
- Outlook for inflation much less clear

## Equities



- Trump election adding to policy rate cuts and positive earnings season as a support for US equities
- Other equity markets likely to rise, but lag the US

## Bonds



- Extremely high degree of uncertainty about the outlook for policy and hence impact on inflation, growth and Fed policy
- Markets will be volatile, but only once details on trade, tariffs and immigration are known can future path be clear

The above view(s) represent our judgement as at the date of this presentation and may be subject to change without notice

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