BearBull
Global Investments Group

Investment Strategy

Q2 2024

TABLE OF CONTENTS

INTRODUCTION

Letter to Investors - Investment Climate

- A positive first quarter for most asset classes
- Inflation and growth statistics play spoilsport
- Inflation gradually falls into line
- Between US growth and European recession
- A new monetary policy paradigm for 2024
- Environment still favorable for financial assets in Q2

The first quarter of 2024 ended on a positive note for all financial assets. With the exception of international bonds, which were affected at the start of the quarter by the logical rebound in interest rates after an exceptionally positive Q4 2023, all other asset classes posted positive performances at the end of March. The -2.08% decline in the international bond index was partly due to the significant rebound in US, Canadian and Australian dollar rates. Risk-taking in emerging markets (+1.53%) and high yield (+2.13%) proved rewarding, while Swiss bonds (+0.47%) benefited at the end of the quarter from the SNB's change of monetary policy, becoming the first Western central bank to cut its key rates (-0.25%) in March. This renewed pressure on bond yields affected the securitized real estate markets, which with the exception of Swiss investment funds (+5.93%) all slipped by a few percent. An asset allocation diversified into equities also benefited from the rise in international (+8.88%) and Swiss (+5.98%) stocks, while commodities also contributed to performance with an increase of +10.36%, similar to that of private equity (+10.9%). The icing on the cake for Swiss investors was the long-awaited reversal in the trend for the franc, which finally weakened by -7% against the dollar and -5% against the euro, boosting the performance of foreign assets valued in Swiss francs.

The stock market climate thus remained rather serene during the first quarter, which was nonetheless marked by a number of statistics disrupting consensus inflation and growth expectations. A loss of momentum in the decline of US inflation called into question the year-end trend, while persistently solid economic data definitively ruled out the risk of recession in the United States and pointed to continued strong growth in the first half of the year. Economies in Europe and the UK also appeared to be avoiding a severe recession, showing sufficient resilience to flirt with near-zero growth. Asia, for its part, still seemed to be waiting for international demand to pick up, while Chinese leading indicators were nonetheless beginning to show the expected signs of a strengthening economy. These hesitations about inflation and growth essentially dampened central banks' pivot expectations, pushing back the date of the first rate cuts by three months in the USA, the UK and the Eurozone.

The downward trend in inflation stalled in January, with the PCE index rebounding by 0.4%. But the end of the quarter proved more positive, with the PCE indicator barely up by +0.3% over the month and +2.5% year-on-year. It should be remembered that, at the end of 2023, the Chairman of the Federal Reserve had said that he would not wait for this indicator to reach its target of +2% before changing his policy and making his first rate cut. At that time, the PCE was estimated at +2.3% for March 2024. In the US, the services component seemed to be the resilient factor preventing a sharper decline in inflation. However, we are pleased to note that its contribution to inflation has fallen sharply, suggesting that this segment is no longer a brake on the current downward trend. We can now note with satisfaction that its contribution to inflation has clearly diminished, suggesting that this segment is no longer a brake on the current downward trend. In Europe, inflation is surprisingly declining faster than expected, particularly in the Eurozone, where the CPI index fell to just +2.4% in February.

In fact, US growth appears to be more resilient than in Europe, and this dynamic differential certainly also partly explains the recent trend in inflation. In our view, the growth differential should be maintained in the first half of the year, leading to an unexpected alignment of monetary policies.

While it was generally accepted at the end of 2023 that the Fed would probably be quicker to cut its key rates a few months or quarters before the ECB or the BoE, it is no longer unlikely that the three main central banks will act at the same time in June. The postponement of the first rate cut in the US to June represents a delay in the consensus forecast of end-2023, but for the other two central banks, it represents an advancement in the timing of their monetary policy pivot. While the first part of 2024 has been marked by expectations of rate cuts, the second half of the year will see the realization of this policy shift. We believe that central banks can now surprise observers by lowering their key rates more significantly than currently expected as early as this summer.

Lower inflation approaching +2% coupled with moderate growth in the USA and slightly positive growth in Europe, as well as less restrictive monetary policies, will together constitute a rather positive environment for all financial assets. Yield curves are likely to flatten more decisively on the short end than on the long end, and still offer opportunities for capital gains in most regions. Lower interest rates and refinancing costs should also have a positive impact on securitized real estate valuations, particularly in Europe. Overall, a central scenario of moderate growth replacing the previous scenario of potential recession also constitutes a positive environment for equity markets. In this specific case, better guidance for 2024 will undoubtedly be needed to enable equity indices to record further gains after five months of virtually uninterrupted price rises. Finally, commodities are already beginning to take on board the improved growth prospects in China, particularly in the industrial metals segment. Our outlook for the coming months remains positive for all asset classes, and in particular for equities, real estate and commodities.

Alain Freymond
Associé & CEO
BBGI Group

Graph sources: BearBull Group | Bloomberg

BearBull Global Investments Group

BIG PICTURE

Main Convictions

- Inflation is coming back into line, sometimes faster than expected
- Convergence of monetary policies from June onwards
- Economic resilience and growth recovery in H2
- Positive outlook for financial markets

Inflation sometimes falls into line faster than expected

Inflation has been an essential and determining factor in financial market trends for more than two years, and is likely to remain so over the next few quarters. Investors' perception of investment risks and opportunities is closely linked to the evolution of inflation and the implications of price behavior on central banks' monetary policies. This is obviously not the only factor to be taken into consideration, but it is still one of the main determinants of stock market fluctuations at the start of this year. Just over six months ago, investor sentiment remained particularly cautious regarding the inflationary outlook, which did not yet appear to be fully under control by central banks. The fall in financial markets in the 3rd quarter of 2023 was largely induced by fears that inflation would not be sufficiently contained for central banks to maintain their restrictive policies any longer. The rise in ten-year Treasury rates to 5% marked the culmination of these concerns, before better statistics allowed negative expectations to deflate in Q4. The decline in inflation is clearly visible in the vast majority of countries, but in the United States, the abundance of different statistics leads to frequent revisions of outlooks and trends. The one-month rebound in inflation in January rekindled concerns and the possibility of a halt to the decline in prices that had been evident since June 2022, before the latest end-of-quarter figures reassured us that the decline in prices was more in line with expectations. In Europe, the deceleration in prices was even more marked, no doubt due to weaker economic momentum. March's price increase appears to be still appreciably higher (+0.8%), but year-on-year price growth has collapsed to just +2.4%, a level also very close to the ECB's target. The CPI level has thus fallen more sharply from its peak (+10.7%) than is the case in the US (from +9% to +3.1%). The UK is also following a surprising trend, as the latest CPI reading (+3.4%) is also down sharply from its peak of +11.1% in 2022. Inflation is also receding in Asia, although the decline is relatively modest in Japan, where prices are still up +2.8% year-on-year. But the situation is totally different in China, which has just emerged in February from a four-month period of negative year-on-year inflation. Finally, inflation in Switzerland has also fallen into line, with prices remaining almost perfectly stable on a monthly basis for almost a year, with the exception of the latest rise in February (+0.6%), pushing the CPI index up to +1.2% year-on-year. The SNB was in fact the first central bank to be able to boast of having kept inflation under control, keeping it below its +2% target since May 2023.

Les In our view, the trends in place in most countries should continue into 2024, enabling the various price indices to return below the targets set by central bankers. At the start of the 2nd quarter, Switzerland has already achieved this. The eurozone is fast approaching this target, and we believe that the USA and the UK are also close to it. By 2024, all central banks will be able to claim to have achieved their price-control objectives, and will therefore be able to adjust their monetary policies through regular cuts in their key rates.

Convergence of monetary policies from June onwards

The accelerating decline in inflation in the eurozone and the UK comes as a positive surprise to many observers. The latest price trends in these two regions support the view that inflation will accelerate downwards and that the BoE and ECB will probably adjust their monetary policies faster than expected this year. At the end of 2023, these two central banks remained particularly cautious about the path followed by price indices, suggesting that their policies would remain restrictive for as long as necessary to counter price trends. The consensus view was that the downward trend in prices was too slow to justify a change in monetary policy in the first half of 2024. Key rates were therefore expected to remain high until the end of the year. The recent fall in inflation in Europe now points to a likely new path for key rates. The ECB could make an initial cut in June from 4.5% to 4.25%, followed by three or four more similar cuts, bringing the ECB's benchmark rate to 3.5%, or even 3.25% by the end of the year. In the UK, the current level of 5.25% is only slightly below that of the Fed (5.5%), but inflation momentum seems to support BoE action as early as June 2024, particularly in view of the weakening UK economy, which fell into near-recession over the winter. The cut in key rates could gradually slip to 4.25%, or even 4% in December.

Clearly, the sluggish economic situation in Europe is boosting expectations of lower inflation, and reinforcing the likelihood of more rapid adjustments to BoE and ECB monetary policies.

In the United States, the Fed's monetary policy is currently confronted with two opposing trends, one favoring an easing of monetary conditions, the other arguing for a more gradual and modulated action. On the inflation front, the trend is favorable and could already justify a pivot by the Federal Reserve, but on another front, the economic momentum suggesting a +2% rise in GDP in the 1st half of the year is a restraining factor for the Fed. Current expectations are now much more moderate than they were in Q4 2023. The Fed's pivot date has already been pushed back from March to June, and rate cut expectations are for three 0.25% cuts by the end of December.

Overall, it seems to us that if inflation trends continue, the Fed will cut rates by 0.25% in June, and will be accompanied in this pivotal phase of monetary policy by identical decisions from the other two central banks, the ECB and the BoE. June will mark the beginning of the convergence of less restrictive policies, which will also see other central banks such as the Canadian and Australian central banks follow suit. The coming quarters will therefore be marked by key rate cuts and monetary policy adjustments, potentially also affecting the composition and size of central bank balance sheets. These developments should provide fertile ground for most financial assets.

Economic resilience and recovery in H2

The easing of inflationary pressures, or even the normalization of inflation, coupled with new, significantly less restrictive monetary policies, will have a noticeable impact on consumers' and businesses' perception of risk. The slowdown in the US economy to a satisfactory GDP growth rate of +2% already demonstrates the economy's high resilience to rising interest rates. However, we believe that household confidence will strengthen in 2024, underpinning overall consumption. Falling financing costs will also boost business investment and real estate in the US, as in other industrialized countries. In Europe and the UK, these same factors will enable an upward climb out of the current situation.m The 2nd half of the year should therefore be more dynamic than the start of the year. Business cycles in the developed countries are likely to align better in the second half of the year, and will also support an expected recovery in China, Japan and, more broadly, the emerging countries. After too long fearing a recession in 2023, 2024 has got off to a better start and should strengthen further in the coming months.

Positive outlook for financial markets

The soft landing economic scenario should be accompanied by positive statistics on the inflation front over the coming months. The expected normalization of monetary policy will probably only begin in June, and should have a positive impact on yield curves and investor sentiment. Lower rates will eventually support a potential recovery in consumption and investment, but initially they should have a fairly clear positive impact on the valuation levels of financial assets and whet investors' appetite for risk. This overall less uncertain environment should sustain investor interest, particularly from those seeking opportunities to reinvest maturing fiduciary deposits whose associated yields have lost some of their appeal. Capital markets will benefit from the downward trend in yields and the influx of new capital seeking capital gains opportunities, while securitized real estate should be one of the big winners in this phase of readjusting outlooks and risks, with equity markets also buoyed by improved earnings prospects.

Yield curves to flatten out by 2024

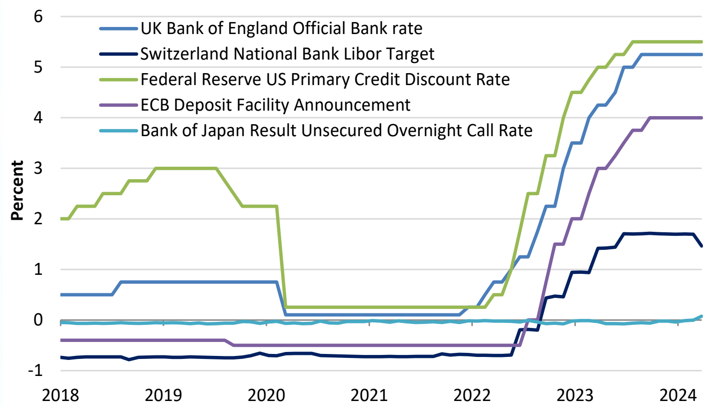
The current inversion of yield curves in both the USA and Europe is essentially due to the high level of key rates, and consequently of the short end of the yield curves. In a context characterized by the normalization of monetary policies as early as June 2024, it should be possible to lower the short end by at least 75 bps to 100 bps before the end of the year. In the case of the United States, a cut in key rates from 5.5% to 4.5% is conceivable by December. Given the current level of ten-year yields (4.3%), a cut in short rates to 4.5% would imply a flattening of the yield curve, entirely consistent with the expected economic situation and anticipated year-end inflation. The current inversion of the yield curve would then give way to the beginning of normalization. In the absence of any concrete risk of recession in the US, monetary policy can follow a very gradual path towards normalization. However, a fall in inflation to 2% and similar GDP growth should allow for lower interest rates. We therefore do not rule out the possibility that the downward adjustment of the dollar yield curve will only stabilize later, and at a level that should be below 4%. Today, the yield premium calculated with ten-year Treasury rates (4.3%) over inflation is still 100 bps.

In Europe, ten-year German government yields are now at 2.4%, exactly in line with eurozone inflation. The yield premium is therefore zero in euros. Against this backdrop, the long end of euro yield curves is unlikely to require any major immediate adjustment. Consequently, the flattening of the yield curve will essentially be the result of short rate cuts. Assuming a key rate cut to 3.25%, the differential between short and long rates will remain 100 bps, so the yield curve will remain inverted. Given the relative stagnation of growth, an inversion of the yield curve may still be justified in the eurozone in 2024. Falling inflation and the risk of recession are currently putting pressure on long yields, but these two factors have certainly already been taken into account. The inversion of the euro yield curve is unlikely to disappear before 2025.

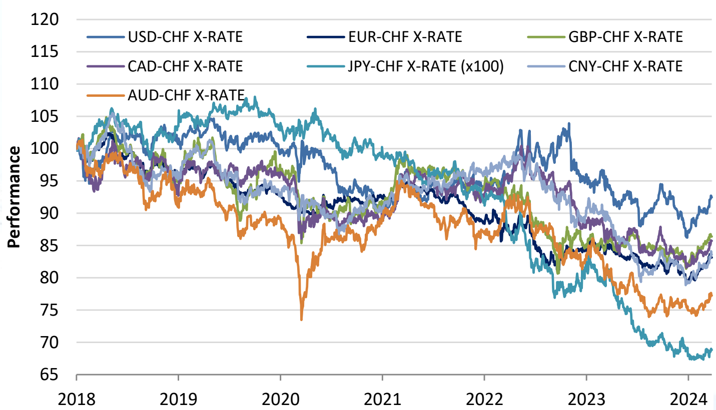
The UK should also see a persistent inversion of the yield curve, while the likelihood of further declines in long rates has also diminished.

Overall, we believe that the prospects for lower yields and capital gains are still better in the United States.

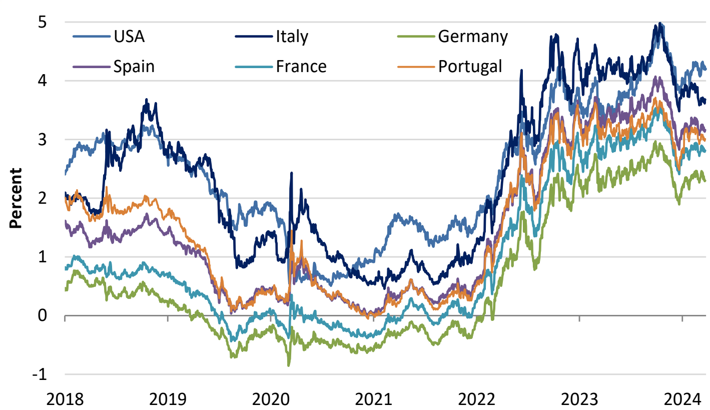
Key rates (EUR, CHF, GBP, USD, JPY)



7 main currencies against CHF (base 100)



10-year government rates



Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

MACROECONOMIC SCENARIO

Global Outlook

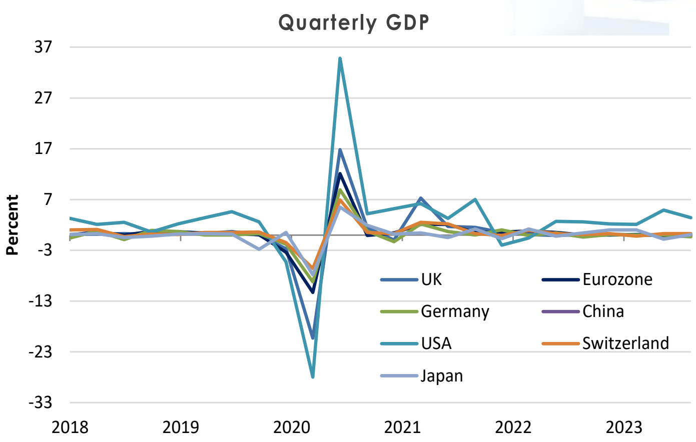
- Global growth revised upwards for 2024
- US GDP could grow by +2.2% in 2024
- European growth set to intensify in the 2nd half of the year
- Weak franc could boost Swiss economy
- Second quarter could already be better in the UK
- Very moderate Japanese GDP growth in 2024

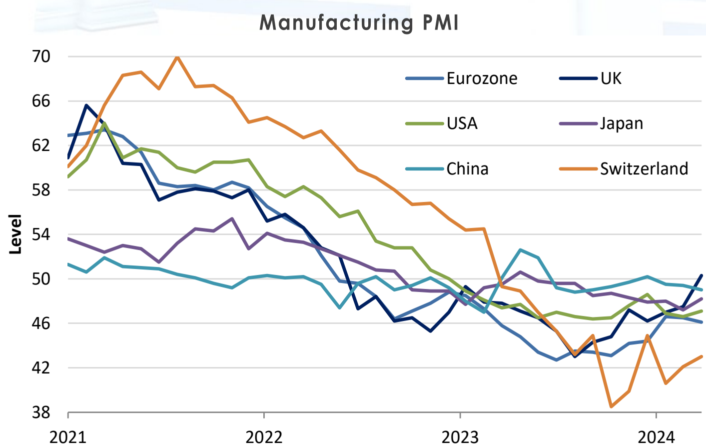
Global growth revised upwards for 2024

The 1st quarter of 2024 should certainly end with global growth slightly higher than expected, thanks to the improved performance of a number of major economies, notably the United States. Indeed, US GDP growth proved rather resilient, and was probably close to +2% in real terms. It now appears that the risks and expectations of a potential recession in the USA, as in various European countries, were overestimated at the end of 2023. Economic performance in the UK and Europe has also shown more of a stagnation than a collapse in economic momentum in the early months of 2024. The 1st quarter is therefore likely to make a greater than expected contribution to global GDP growth for the year as a whole. In particular, the more encouraging trend in inflation over the last few months in most industrialized countries should help to improve consumer sentiment and real disposable income. Improved confidence may also be underpinned by the prospect of lower financing costs linked to the expected change in monetary policy at the end of Q2.The current level of interest rates is already significantly lower than that seen in Q3 2023, and future trends in the cost of financing consumption and investment will follow a similarly favorable trend. Leading indicators already seem to be pointing to a gradual recovery in economic activity in most regions, with better chances also of seeing a strengthening of activity in China and more generally in the emerging countries. Global growth is therefore set to strengthen over the coming months, against a backdrop of further convergence of regional economic cycles. The risks of recession are set to fade rapidly, particularly in Europe, where GDP growth is set to resume, following in the footsteps of the positive cycles in the USA and China. Japan will also participate in this convergence of economic cycles, which should support global GDP growth of +3% in 2024.

US GDP could grow by +2.2% in 2024

The start of 2024 therefore seems once again to be thwarting predictions of a US recession. Our outlook also confirms a growth estimate for both Q1 and Q2, despite monetary policy having proved particularly restrictive, despite a status quo on rates committed in August 2023. The persistence of high key rates (5.5%) over the past eight months has so far had only a limited impact on growth. Nor does the 16% contraction in the Fed's balance sheet over the past twenty-four months appear to have had a dramatic effect on the US economy. The adjustment anticipated by economists on consumer spending and investment has not really occurred to date, and in the context of expected further rate cuts, we believe that the risks have diminished in recent months. As far as consumer confidence is concerned, the fall in inflation and the prospect of monetary easing in Q2 should also help to improve their perception of risk. Households therefore still appear to be in a position to cope with persistently high interest rates and financing costs, although the prospects for further reductions are now very good. In the current context, the risks of recession have diminished considerably, and our central scenario favors a gradual slowdown in the 2nd half of the year, compared with the strength seen at the end of 2023. In the 2nd half of the year, the cut in key rates and the expected adjustments to yield curves will also help to maintain a more than decent growth rate. The Federal Reserve can therefore be satisfied that it has succeeded in reducing inflation while maintaining conditions conducive to continued economic momentum in 2024, and could even strengthen the chances of growth in excess of +2% over the year if it decides to lower its key rates more rapidly in May and more frequently than the markets have so far expected until the end of the year. In this environment, we believe that US growth can be maintained above +2% for the year as a whole, ending the year up by +2.2%.





Graph sources: BearBull Group | Bloomberg

European growth set to intensify in 2nd half

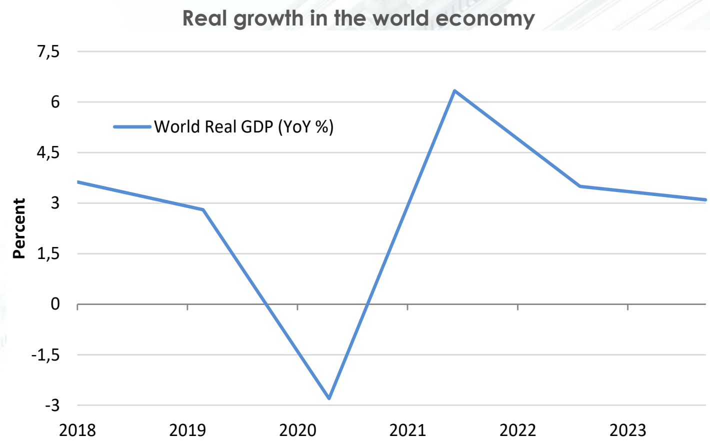
The European Central Bank's forecast for GDP growth in 2024 is +0.6%, but the bulk of this is likely to come in the second half of the year, as our own forecasts point to a possible increase of just +0.1% in Q1 2024, for a potential increase over the full year of +0.4%. In our view, the European economy is likely to remain relatively weak for one or two more quarters, marking a phase of stagflation lasting around eighteen months. Over the next few months, domestic demand will be particularly weak, marked by a decline in private consumption that could be offset by slightly higher government spending. Support from government spending will be essential to avoid a further decline in GDP. Our central scenario for the first half of the year is still that of a slowdown in consumption momentum and GDP still flirting with a technical recession, which should be extremely moderate. Fears of a recession do not seem to us to need to be exaggerated, all the more so as in the present context it now seems very likely that the ECB will change its monetary policy within a timeframe of close to three months. The economic statistics available for January and February seem to confirm the expected weakness of the economy. Industrial production (CVSM), for example, recorded a sharper-than-expected decline of -3.2% (January). Industrial production ex-construction fell sharply back into negative territory (-6.7%), after temporarily recording a small increase of +0.2% in December. Monthly data remain volatile, but this is one of the steepest falls seen in a very long time, with the exception of the one seen in March and April 2020 at the start of the Covid pandemic. This is therefore another very weak start to the quarter, suggesting that the manufacturing sector remains fragile and could yet weigh on eurozone GDP.

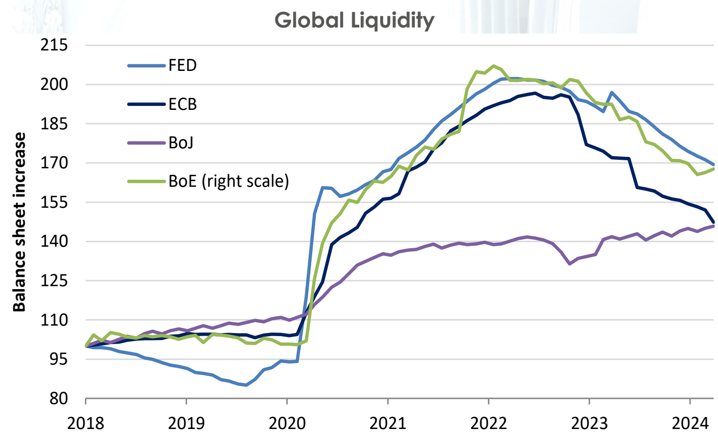
That said, the latest positive developments observed since November on the inflation and interest rate fronts could temper negative estimates of falling demand and also support a rebound in leading indicators over the coming weeks. Our growth forecasts for the first half of 2024 are therefore slightly positive, and more favorable for the second half of the year. Overall, European GDP should grow by +0.7% in 2024.

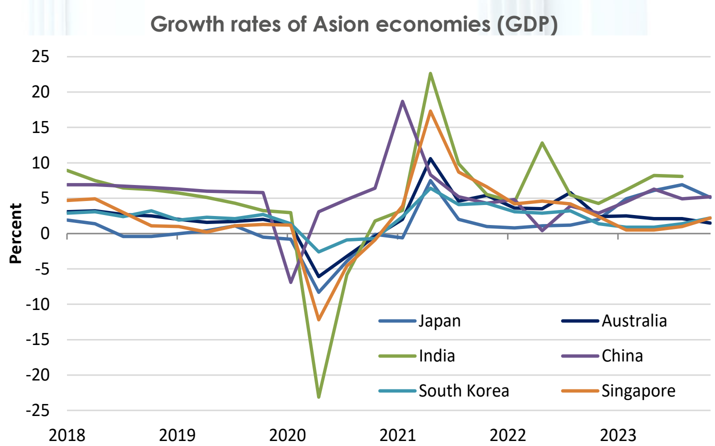
Weak franc could boost Swiss economy

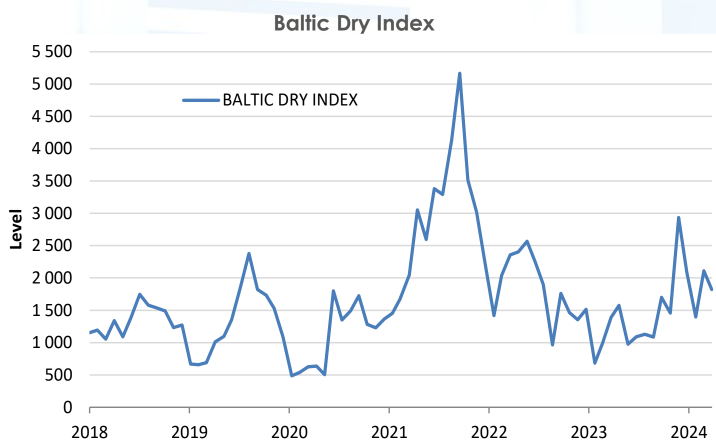
At first glance, the Swiss economy appears to be in a position to withstand the weakness of the global economy, which has already led to a contraction in the eurozone in recent months. It has recorded respectable growth of +1.3% in 2023, but this result is significantly lower than the +2.5% increase in 2022. In the current context, we believe that the strength of the Swiss franc at the end of 2023, and the growing risk of a downturn in exports due to the very strong appreciation of our currency, will make this dynamic extremely fragile.

The SNB's decision to lower its key interest rates at the end of the 1st quarter of 2024 could well represent a significant positive change for the Swiss economic fabric and for the country's economic outlook. By becoming the first central bank to ease its monetary policy, the SNB has created the expected conditions for a necessary weakening of the franc. This factor alone could strengthen Swiss GDP growth expectations, offering new prospects for Swiss exports. A -10% decline in the franc could logically have a positive impact on foreign demand and boost Swiss exports. In this new environment, we believe that the current GDP growth forecast of +1.1% in 2024 may be underestimated. Our forecasts are therefore slightly more optimistic (+1.3%), and take into account a weakening of the franc over the whole of 2024, supporting a certain acceleration in Swiss momentum, which will also be positively impacted by the international economic recovery in the second half of the year.









Graph sources: BearBull Group | Bloomberg

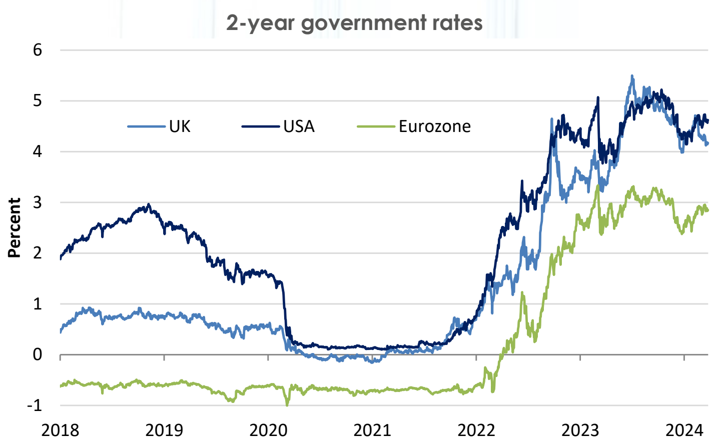
The second quarter could already be better in the UK

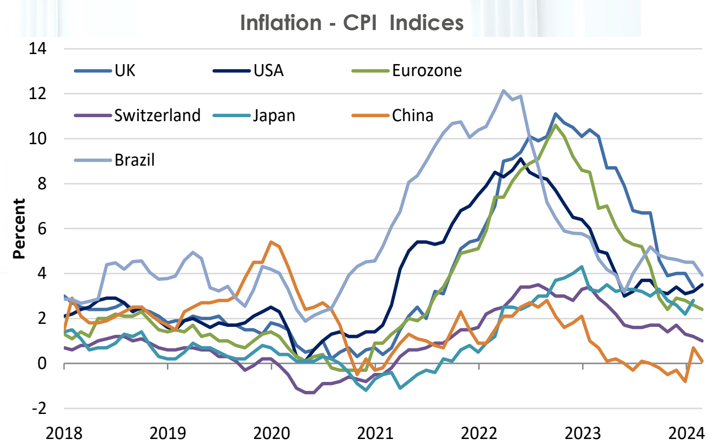
The technical recession of the last two quarters remains very moderate, and could prove even more modest once year-end data are revised. In any case, we expect the British economy to be less pessimistic this time than on previous occasions. In 1980, the onset of recession was marked by a decline of around -3% in GDP, and those of 1990 (-1.6%) and 2008 (-2%) were also greater than the decline of the last two quarters. The GDP figures published for January show an increase of +0.2%, suggesting that the start of the year already appears to have seen a certain return to overall growth, supported this time by the services sector, retail and wholesale trade, and construction. These positive developments offset the fall in industrial production (-0.2%). The very mild recession of the second half of the year may therefore already have been halted by the start of an upward trend in GDP. The outlook for Q1 is now a little better, and we expect GDP to rise by +0.2% at the end of March. The UK's economic recovery will remain rather limited for the time being, but given the rather positive trend in inflation, the chances are now higher that the BoE will act in the coming months by lowering its key rates. Households are once again benefiting from positive real wage growth, which undoubtedly contributed to the +3.4% rise in retail sales in January and supported the services sector. The construction sector also benefited from this improvement in household purchasing power, and grew by +1.1%.

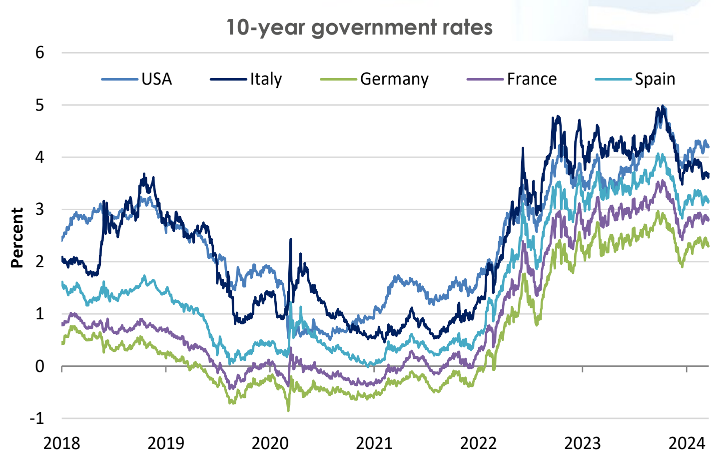
The BoE could still act significantly to counter the risks of stagflation as early as May by cutting its key rates more quickly, although this is unlikely. Our GDP growth expectations for 2024 remain unchanged at around +0.4%. This target should be achieved thanks to still-positive domestic demand, underpinned by rising household consumption and increased government spending.

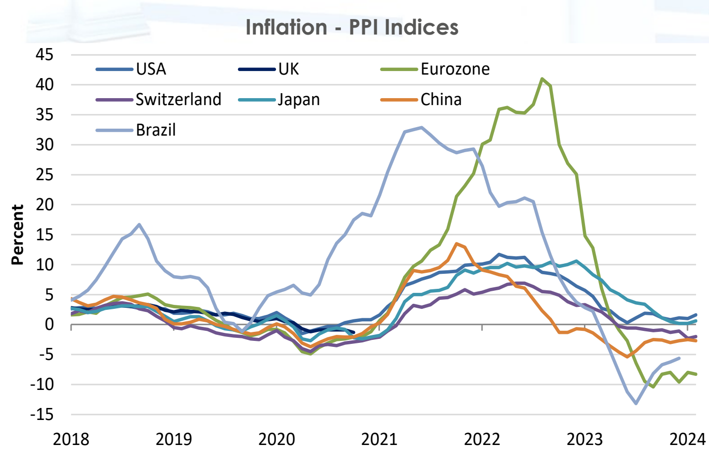
Very moderate growth in Japanese GDP in 2024

Japan's GDP remains more dependent than ever on international demand, while domestic consumption is still struggling to recover. The economy is undermined by sluggish household consumption and exports that are totally dependent on international trends. Household consumption continues to be negatively affected by inflation, which is still resilient and unlikely to fall rapidly in the specific Japanese context, where the yen is still devalued, and cannot be curbed by BoJ action in the current recessionary environment. The central bank cannot effectively combat imported inflation, while the yen continues to decline. The decline in consumer purchasing power, resulting from the steady decline in disposable income and ongoing inflation, can therefore only be stabilized very gradually. The same applies to Japanese companies, which are still reluctant to make new investments. Growing consumer spending by foreign travelers to Japan will provide only modest support, and will not significantly influence the overall level of consumer spending. Japan is in dire need of an economic revival from China, which could counteract the downturn observed in its other major partners, and which could finally materialize in 2024. The Chinese government's economic support measures could indeed show concrete signs of recovery, and subsequently develop the expected effect on Asian economies and the Japanese economy in particular. Global demand is likely to remain subdued in the early part of the year, before strengthening thereafter and once again bolstering Japan's economic prospects. The fact that the US economy held up well at the start of the year is already an encouraging sign that foreign demand in Japan is set to pick up again. In addition, Europe's current resilience could show a little more strength from the 2nd quarter onwards, contributing to this positive trend in foreign demand. Over the coming quarters, the Japanese economy should benefit from these more positive factors, and record very moderate GDP growth in 2024.





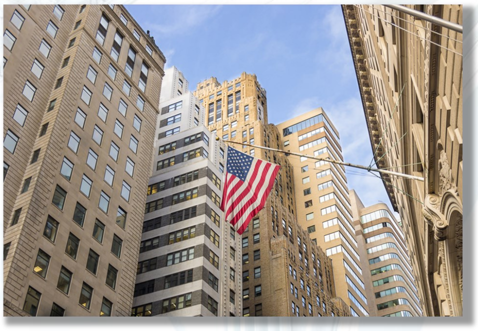




Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

United States



- U.S. economy remains buoyant
- No recession, but a gradual slowdown
- Steady improvement in leading indicators
- 0.25% cut in key rates in May?
- Inflation nears Fed target

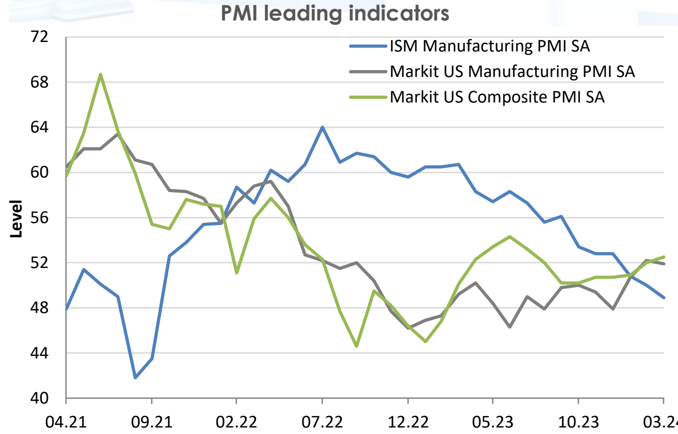
U.S. economy maintains momentum into 2024

GDP growth in Q3 had already been exceptional (+4.9%), and was the best since December 2021. The figures published for the final quarter of 2023 are still particularly satisfactory, showing that the US economy is still very buoyant. With GDP growth of +3.2%, the US economy has shown surprising resilience to the tightening of monetary conditions implemented by the Federal Reserve to combat inflation since March 2022. The central bank's objective was indeed to bring inflation down to a target of +2%/year, at the risk of having to curb economic momentum or even provoke a recession. Two years on, we can see that inflation is indeed on a significant downward trend, but that this result was not achieved at the expense of a collapse in economic activity. So, despite an exceptionally intense monetary tightening cycle and a general acceleration in rising interest rates and financing costs for all economic agents, GDP is more than resilient. The resilience of the US economy is indeed remarkable, and belies the prognosis of forecasters who expected a recession in 2023 and then pushed back their forecasts for early 2024. In the end, GDP will have grown by +2.5% over the full year 2023, against all expectations, while prospects for an easing of monetary conditions are increasingly encouraging and further reduce the risks of an economic contraction in the coming quarters.

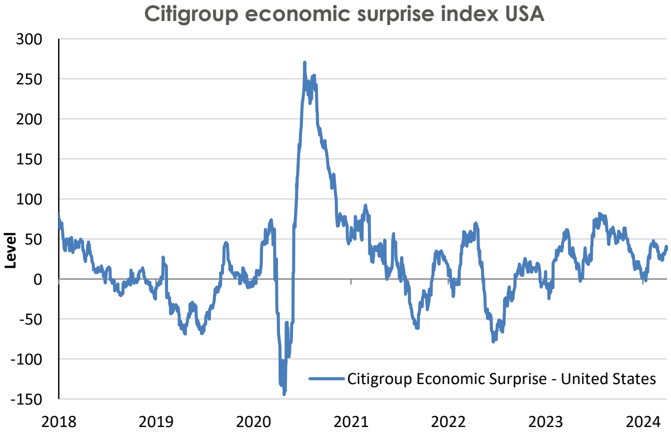
Against the backdrop of the start of 2024, and just a few weeks ahead of the first key rate cut expected in June, the economy is showing no signs of weakening. Personal consumption remained robust in Q4, rising by +3%, virtually unchanged from the previous quarter. Growth in household spending thus suggests a relatively low sensitivity to price and interest rate trends, and remains an important contributor to GDP. Government spending (+4.2%) also supported GDP, while residential (+2.9%) and non-residential (+2.4%) investment also contributed. As in previous quarters, the U.S. economy continues to surprise observers, and may yet deliver further surprises in the months ahead. However, growth forecasts for the start of the year are now a little weaker, but still very satisfactory given the monetary policy context. The Atlanta Fed's GDP now indicator still suggests a positive development of +2%, slightly higher than that of the New York Fed (+1.9%). For our part, we believe that the rate cut expected in May and the general improvement in household and investor sentiment will also contribute to maintaining growth in the region of +2% over the first two quarters of 2024.

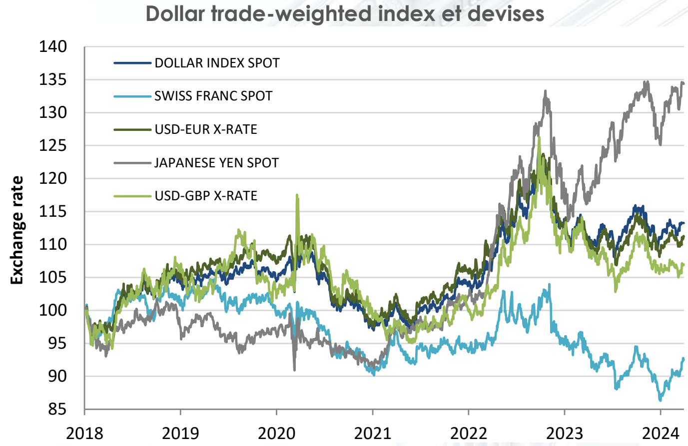
No recession but a gradual slowdown

The start of 2024 therefore seems once again to be thwarting predictions of a US recession. Our outlook also confirms a growth estimate for both Q1 and Q2, despite monetary policy having proved particularly restrictive, despite a status quo on rates committed in August 2023. The persistence of high key rates (5.5%) over the past eight months has so far had only a limited impact on growth. Nor does the 16% contraction in the Fed's balance sheet over the past twenty-four months appear to have had a dramatic effect on the US economy. The adjustment anticipated by economists on consumer spending and investment has not really occurred to date, and in the context of expected further rate cuts, we believe that the risks have diminished in recent months. As far as consumer confidence is concerned, the fall in inflation and the prospects of monetary easing in Q2 should also lead to an improvement in their perception of risk. In an environment characterized by high household indebtedness, the collapse in lending in December was surprisingly followed by a strong rebound in January.



Graph sources: BearBull Group | Bloomberg





American households initially resisted the rise in interest rates and inflation by using their savings to maintain their purchasing power and consumption, before resorting more extensively to credit, which still seems to be largely the case today. In the current context, the risks of recession have diminished considerably, and our central scenario favors a gradual slowdown in the 2nd half of the year, compared with the strength seen at the end of 2023. The cut in key rates and the expected adjustments to the yield curve will also help maintain a more than decent growth rate in the 2nd half of the year. The Federal Reserve can therefore be satisfied that it has succeeded in reducing inflation while maintaining conditions conducive to continued economic momentum in 2024, and could even strengthen the chances of growth in excess of +2% over the year if it decides to lower its key rates more rapidly in May and more frequently than the markets have so far expected until the end of the year. In this environment, we believe that US growth can be maintained above +2% for the year as a whole, and end the year up by +2.2%.

Steady improvement in leading indicators

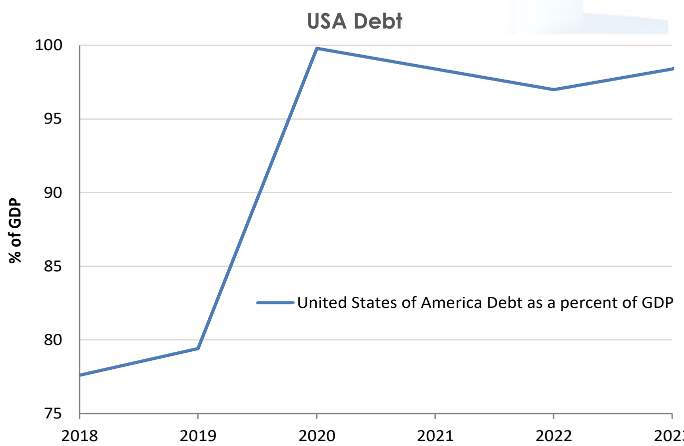
The PMI indices have continued their steady progression over the last few months and strengthened in March, also suggesting positive momentum for the US economy over the coming months. The Markit US Composite PMI indicator is relatively stable at 52.5, while two distinct trends are materializing in the manufacturing and services PMIs. The PMI for the manufacturing segment is improving rather rapidly, rising from 48 in December to 52.5 in March, underlining a clear recovery in the industry. The services index, meanwhile, slipped slightly to 51.7, but still showed a positive outlook for the future. Uncertainty diminishes at the start of 2024, with leading indicators clearly dismissing the risk of recession. The consumer confidence index fell slightly in March, partly due to a deterioration in the employment variable. Despite a resilient job market, the future component of the confidence index thus shows slightly more pessimistic signs. Overall, the indicator rules out the risk of recession, but shows less optimism on the employment front, also suggesting slightly more uncertain times ahead for household consumption levels.

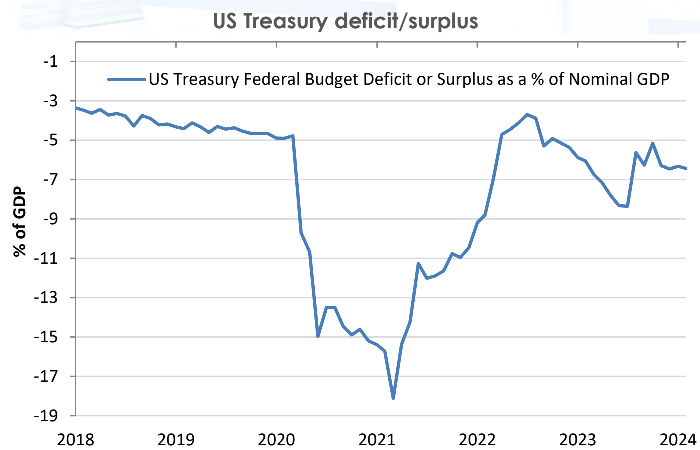
Reduced tension in the job market

Unemployment claims still show no clear deterioration in the job market at the start of the year. The fundamental picture remains similar, with claims still close to their 2023 lows, at just 210,000 claims in March 2024. While redundancies are not soaring despite the ongoing slowdown, JOLTS job vacancies continue to decline, stabilizing at around 8.8 million for the past nine months. Employment growth has picked up since October, and now stands at 223,000 jobs in the private sector. Overall, however, continuing jobless claims have resumed their upward trend, and now stand at over 1,800,000. The easing of tensions in the labor market therefore seems largely linked to the decline in wage growth, which stabilized at +4.3% year-on-year in February. Annual growth in average hourly earnings has also been falling steadily since March 2022 (+6%), to just +1.1% in February.

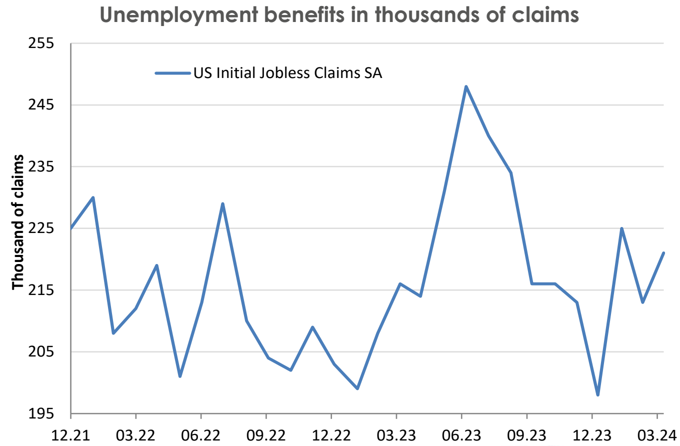
0.25% cut in key rates in May?

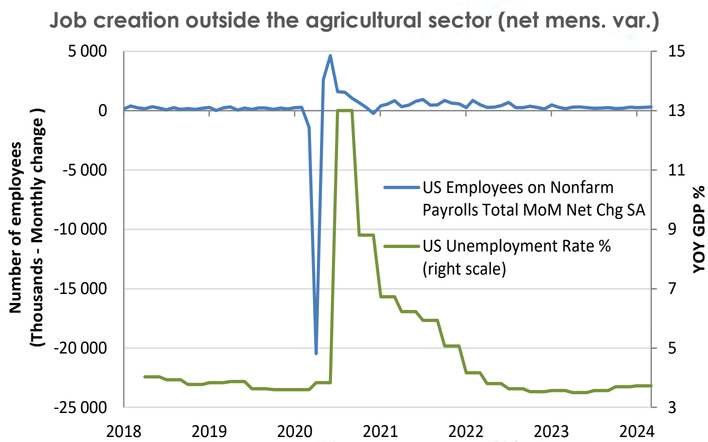
The US central bank can now be satisfied with the positive trend in inflation and the resilience of the economy. Initially, however, it was prepared to accept the negative effects on growth and employment of implementing a restrictive monetary policy to achieve its primary goal of fighting inflation. In the end, it seems that the potential and accepted risks of recession are now unlikely to materialize in 2024, given the economic data available to date.

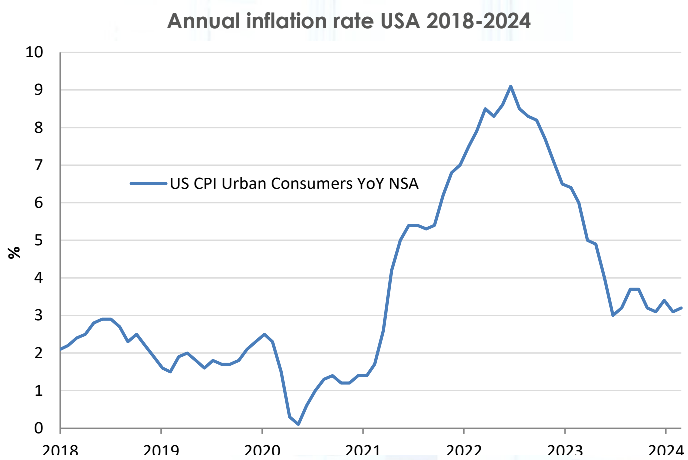


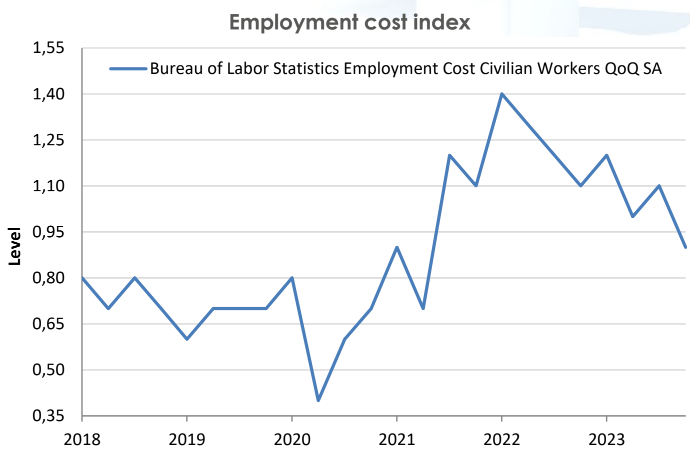


 Graph sources: BearBull Group | Bloomberg









But if the Fed can indeed begin to show some satisfaction at the sight of inflation, which has fallen sharply over the past year, it has yet to determine the timing of its change in monetary policy. At the end of 2023, expectations of a rate cut as early as March clearly seemed to be favored by the consensus. But economic performance in the US, the resilience of the job market and a slowdown in the downward momentum of inflation at the start of 2024, called these expectations into question and brought new uncertainty regarding the date of the Fed's pivot. This was then postponed from March to June, probably, while the number of key rate cuts and their magnitudes in 2024 were also revised downwards.

However, Chairman Powell seems ready to loosen the reins of his policy if inflation parameters allow and if the job market shows signs of slowing down. He will not wait for inflation to fall below his technical target of +2%, and will implement the expected easing. Nevertheless, after eight months of the status quo on rates, the Fed logically decided to leave rates unchanged once again in March, further postponing the end of the current cycle until the next FOMC meetings in May or June, when inflation continues to decline and wage trends finally seem less worrying for future price trends. At the end of 2023, optimism was undoubtedly at its height when Fed funds rates for June 2024 fell from 5.33% to 4.65%, and expectations of a change in policy were already pointing to a first rate cut in March. In the course of Q1 2024, the aforementioned adjustment pushed them once again to 5.2%, which remains the current level. This now implies a probable 0.25% cut in central bank rates in June. In the longer term, the December Fed funds level (4.64%) suggests a moderate rate cut of less than 100 bps. This expectation is far less optimistic than the cut expected at the end of 2023 for December 2024 to 3.8%, which represented a 170 bp decline in Fed rates. Investor optimism has thus deflated sharply, to close in on the median forecast of FOMC members, which stands at 4.625%. The current situation therefore seems to us to reflect reasonable expectations, which are unlikely to be disappointed by the Fed's forthcoming decisions, as it could already cut rates in May.

Inflation nears Fed target

February's monthly inflation figure of +0.4% proved slightly less encouraging than previous releases, resulting in a slight rise in the CPI index from +3.1% to +3.2% year-on-year. Excluding food and energy, the picture is similar for the month (+0.4%), showing a slide from +3.9% to +3.8% year-on-year. The services component remains resilient (+0.279%) and accounts for the bulk of price growth over the month and year (+3.057%). This loss of price momentum in February does not call into question the overall positive trend. In addition, the Federal Reserve's preferred indicator, the PCE core index, continued to decline in January, falling to +2.8% year-on-year, while the overall PCE index even fell to +2.4%, thus already coming very close to the central bank's +2% target. Import prices also showed a favorable year-on-year trend (-0.8%), while export prices showed a similar trend (+1.8%). Inflation therefore seems to be following the expected trend, which will allow for a forthcoming change in monetary policy, perhaps already at the May 1st meeting of the US central bank.

Favorable environment for USD bonds

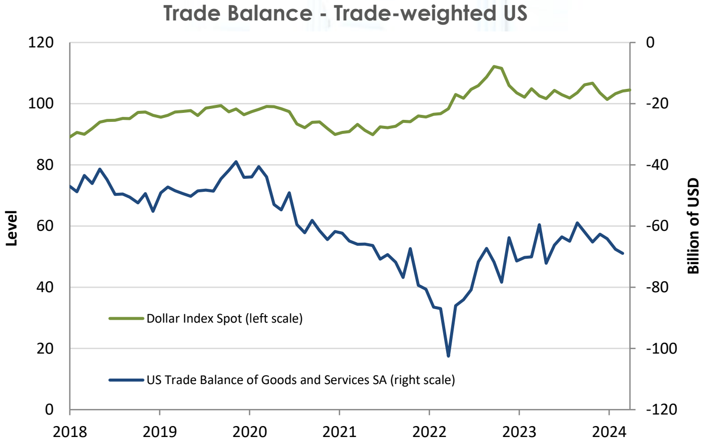
IA few months ago, we announced our outlook for inflation and the factors determining interest rate trends, which were set to completely reverse in 2023. In fact, the predicted trend reversal very quickly materialized at various points on the yield curve, particularly on the long end. Ten-year Treasury yields fell rapidly from 5% to 3.8% at the end of the year, in a context that was probably too optimistic for the expected evolution of monetary policy. The readjustment, which materialized in the 1st quarter with a rebound in yields to 4.3%, was essentially underpinned by the postponement by a few weeks of the Fed's first rate cut, now expected in June. The loss of momentum in the decline of inflation was logically a determining factor in this rate hike, which we consider temporary. Indeed, having been over optimistic about the Fed's pivotal date, we feel that today's expectations are certainly a little too conventional. As a result, the next quarter should be more positive for bond markets. We are once again anticipating a phase of declining yields, which could push 10-year yields towards the 3.5% level. We therefore expect a new phase of 50 to 70 bps decline in long yields. As a result, new opportunities have arisen in investment grade corporate bond segments offering both attractive yields and capital appreciation prospects, as well as in other segments such as high yield.

The dollar remains a winning currency

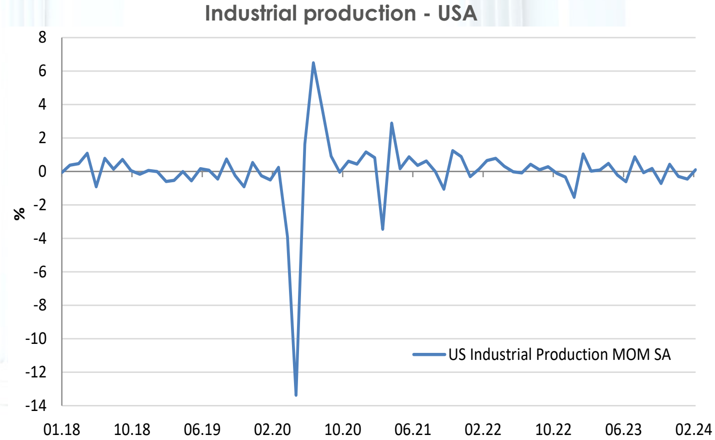
The trade weighted dollar's correlation with long-term interest rates has remained relatively high over the past six months. The expectation that the US monetary tightening cycle will soon come to an end has obviously not been a positive factor, but the recent rebound in rates has supported its appreciation. The convergence of monetary policy changes in Europe and the USA, together with a simultaneous decline in inflation, will certainly reduce exchange rate volatility in 2024.

Yield spreads could remain relatively stable between the main currencies, while inflation differentials are more likely to contract. Against this backdrop, the growth differential could be enough to boost investor interest in investment opportunities and in US assets. This trend will sustain strong demand for dollars. A general appreciation of the dollar seems likely in 2024, particularly against the Swiss franc, which the Swiss National Bank will partly release in its new monetary policy phase in 2024.

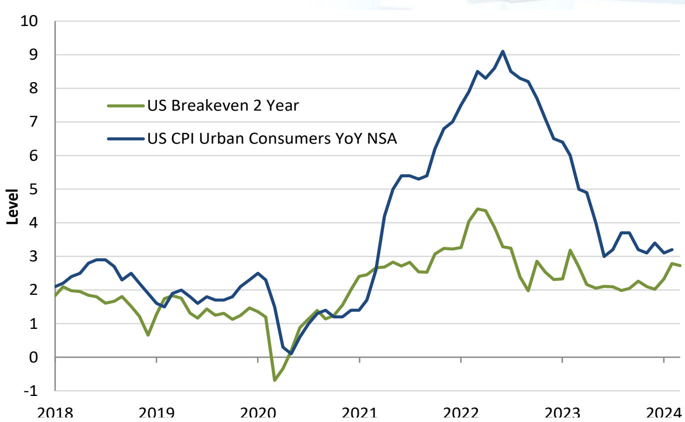
Trade Balance - Trade-weighted US



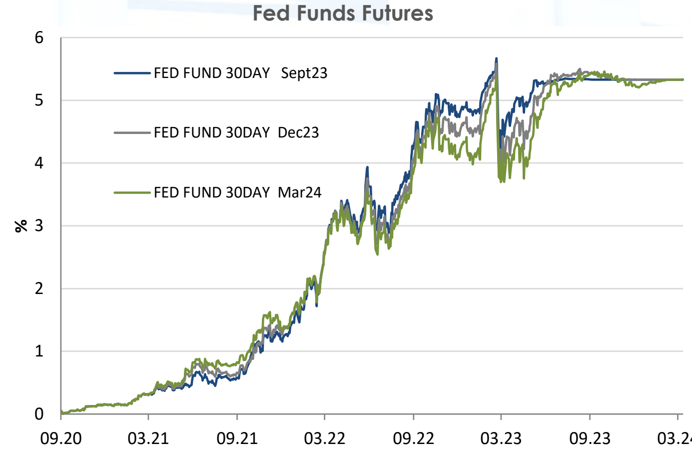
Industrial production - USA



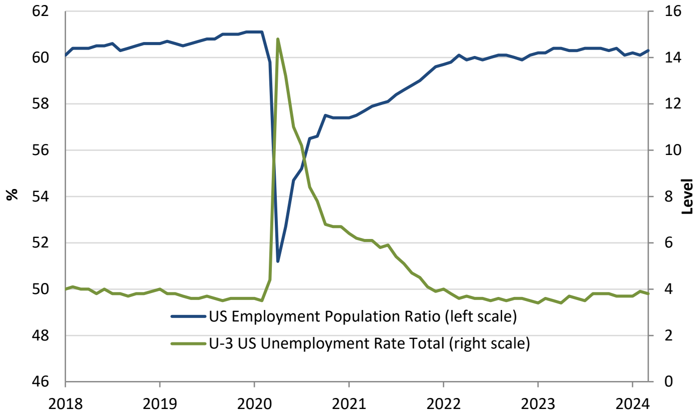
Expected inflation and CPI - USA



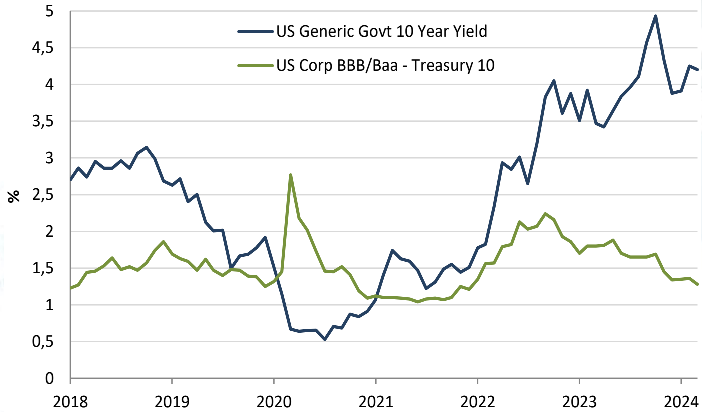
Fed Funds Futures



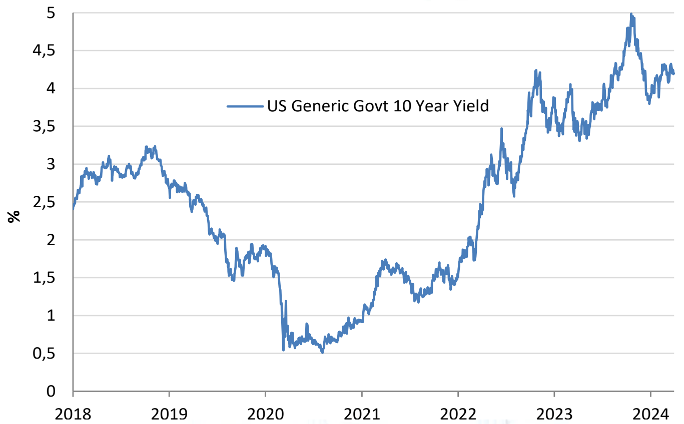
Unemployment and employment rates



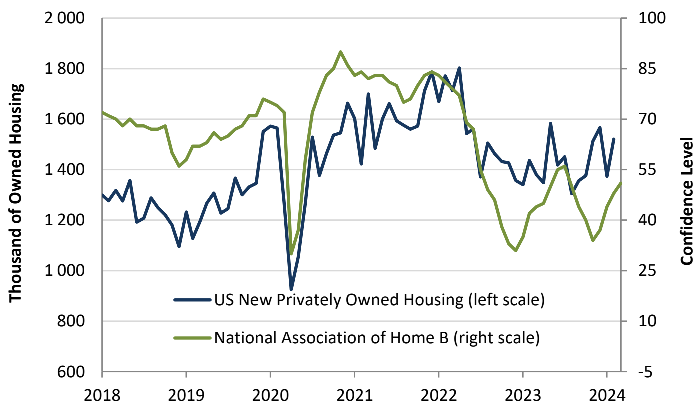
US Treasury-BBB 10-year yield spread



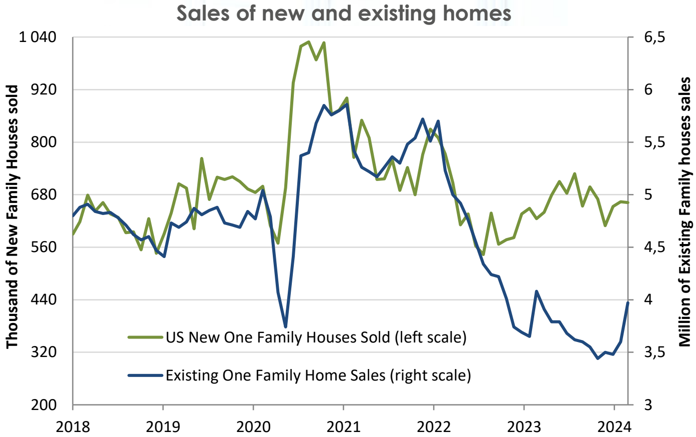
Interest rates on 10-year US Treasury bonds



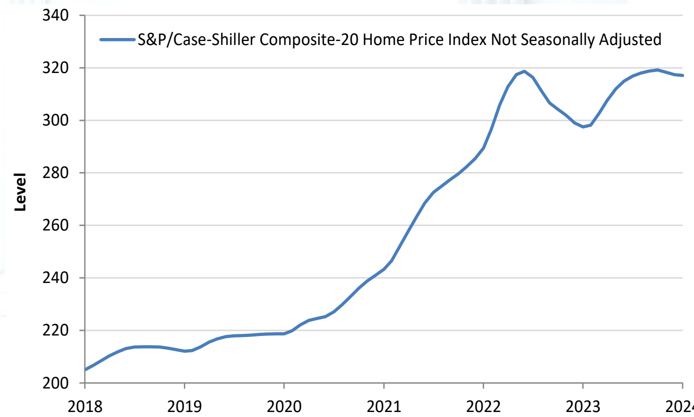
New homes and NAHB USA



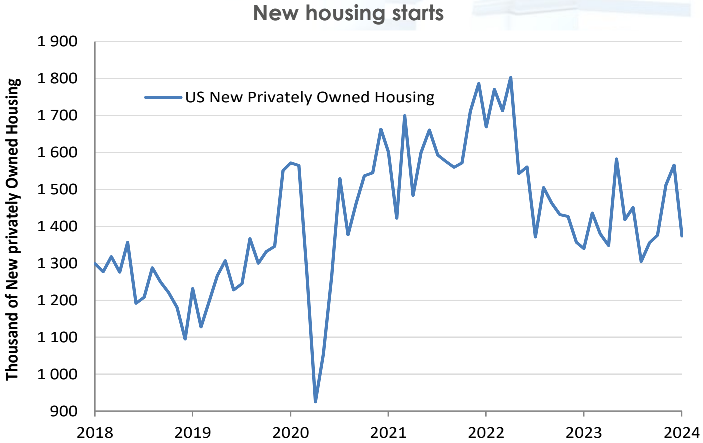
Sales of new and existing homes



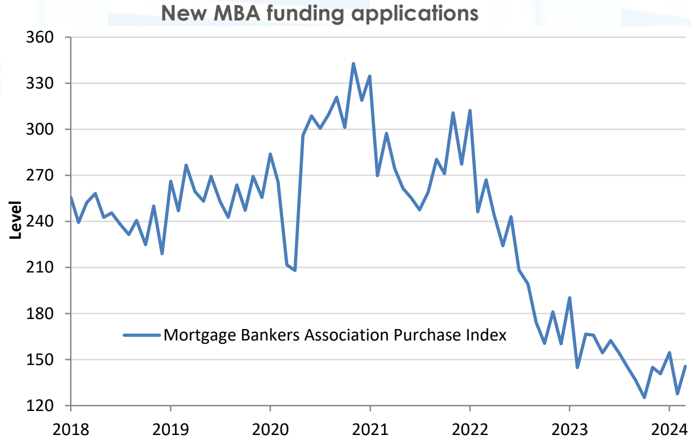
Property prices S&P Case-Shiller index



New housing starts



New MBA funding applications



Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

Switzerland

- Swiss economy surprisingly resilient
- Weak franc may boost the economy
- Swiss inflation is now close to +1%.
- SNB becomes first central bank to cut rates

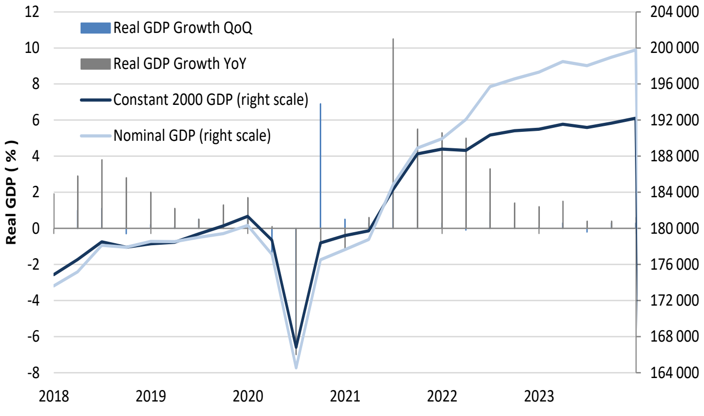
Swiss economy surprisingly resilient

The Swiss economy has once again surprised forecasters with its resilience, while the economic momentum of its main trading partners clearly stalled at the end of the year. The +0.3% GDP growth announced by SECO for the 4th quarter of 2023 showed that the +0.3% rebound in economic activity in the 3rd quarter could still be sustained at the end of the year. The Swiss economy was thus able to maintain its growth momentum, even though the manufacturing sector seemed to be suffering logically from the strength of the Swiss franc. Economic momentum in our country had stalled, both because of the difficulties encountered by our main economic partners in Europe and because of the restrictive monetary policy pursued by the SNB, but its resilience at the end of the year far exceeded the +0.1% increase expected by forecasters. Over 2023 as a whole, Swiss GDP therefore grew by +1.3%, well above consensus expectations of +0.7%, but close to our latest forecasts. Switzerland will therefore have experienced only one quarter of negative growth in 2023. That said, Swiss momentum remains moderate, suffering from weak global demand exacerbated by an excessively strong Swiss franc, which is weighing on the ailing manufacturing sector. Fortunately, the service sector seems to be able to compensate for the weakness of the manufacturing segment, which should enable GDP to rise again in early 2024. Over the last few months, it was mainly the chemical and pharmaceutical industrial sector that held back GDP growth, with a -2.3% contraction in value creation. Manufacturing declined slightly by -0.1%, while the other industrial branches returned to some growth after two negative quarters, and increased electricity production led to a +4.3% rise in the energy sector. The service sector once again plays a key role in the Swiss economy's resilience. Among the most buoyant segments were foreign tourism and the rise in value added in the hotel and catering sector (+3.5%), which was significantly higher than that of transport (+0.4%), business services (+0.3%) and health and social services (+1.4%). Public spending was up by an above-average +0.7%, while exports of services (+0.7%) and goods (+0.5%) also recorded notable increases. Final domestic demand fell by -0.3%, mainly due to a -2.5% drop in capital goods and construction investment. Rising interest rates and financing costs are likely to have a greater impact on households and businesses, who remain cautious about the outlook for 2024 and are translating their uncertainty and lack of confidence into more controlled spending. Nevertheless, private consumption remains more dynamic than might be feared, thanks in particular to slightly below average growth of +0.3% in the housing, health and mobility segments. However, retail trade seems to be marking time, with a correction of -0.3% in retail trade and -1% in overall trade. Imports, however, advanced a little more markedly (+0.7%), despite this still lackluster consumer environment. On the face of it, the Swiss economy appears to be in a position to withstand the weakness of the global economy, which has already led to a contraction in the eurozone. It has recorded respectable growth of +1.3% in 2023, albeit significantly lower than the +2.5% increase in 2022. In the current context, we believe that the strength of the Swiss franc and the growing risk of a downturn in exports will make this dynamic extremely fragile.

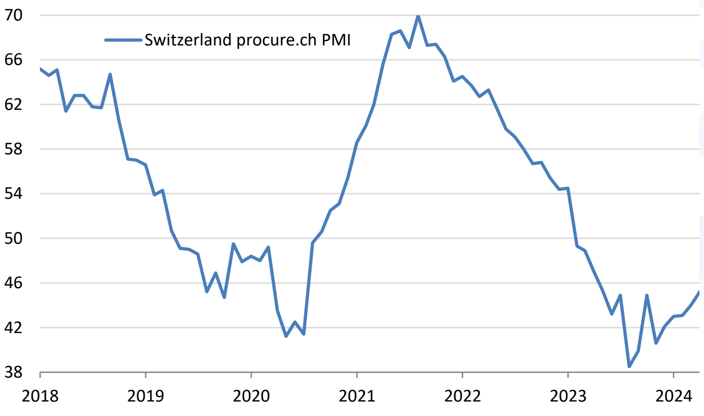
A weak franc can boost the economy

The SNB's decision to lower its key interest rates at the end of the 1st quarter of 2024 could well represent a significant positive change for the Swiss economic fabric and for the country's economic outlook. By becoming the first central bank to ease its monetary policy, the SNB has created the expected conditions for a necessary weakening of the franc. This factor alone could strengthen Swiss GDP growth expectations, offering new prospects for Swiss exports. A -10% decline in the franc could logically have a positive impact on foreign demand and boost Swiss exports.

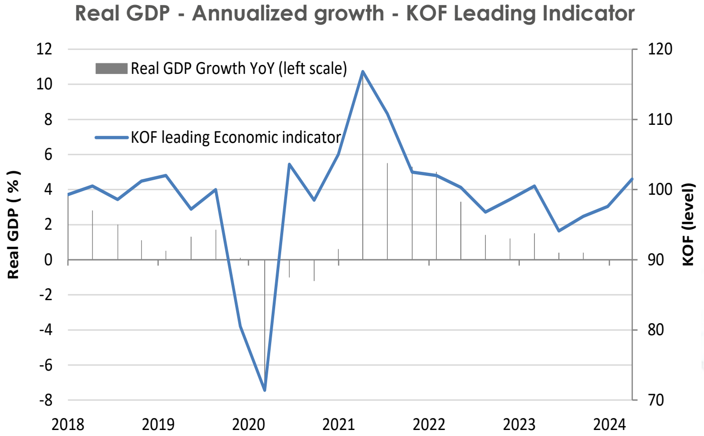
Nominal GDP - Nominal and Real Growth Rates

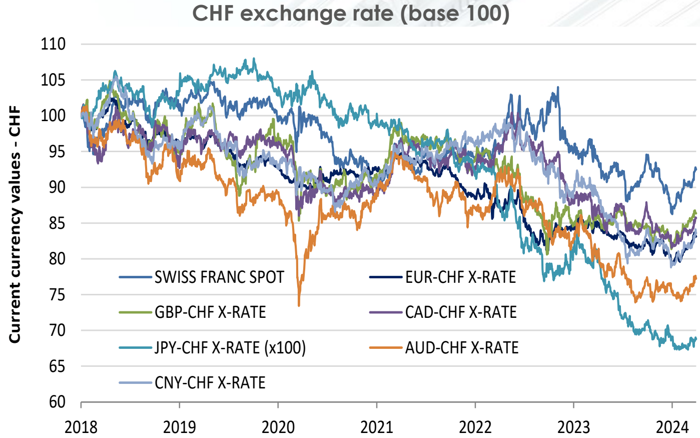


Swiss PMI Leading Indicator (Purchasing Managers)



Graph sources: BearBull Group | Bloomberg





In this new environment, we believe that the current GDP growth forecast of +1.1% in 2024 may be underestimated. Our forecasts are therefore slightly more optimistic (+1.3%), and take into account a weakening of the franc over the whole of 2024, supporting a certain acceleration of the Swiss economy, which will also be positively impacted by the international economic recovery in the second half of the year.

Swiss exports penalized by strong franc

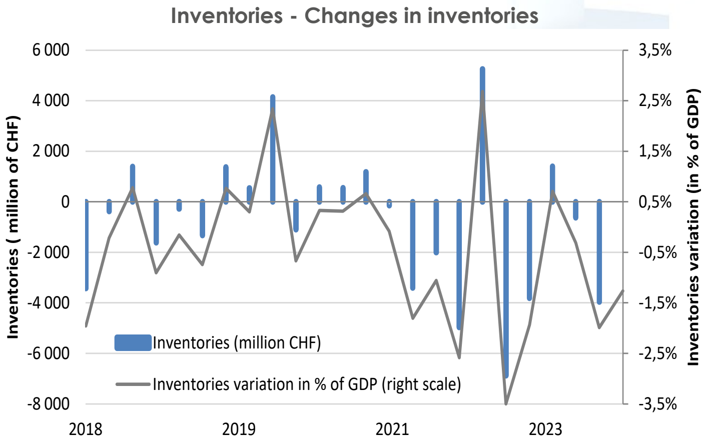
In 2023, the trade-weighted Swiss franc appreciated by +7.2% for the sixth year running. Over the past quarter, the franc's rise of around +8% against the dollar and +4% against the euro has had an impact on the competitiveness of Swiss industry. The foreign trade situation seems to have been slightly more affected by the strong franc at the start of the year than in the previous quarter. After two months of export growth at the end of 2023, in November and December of +1.8% and +1.1% respectively, Swiss exports in real terms contracted slightly in January (-0.4%). At the same time, however, the trend in imports was not supported by positive domestic demand or the value of the Swiss franc. The -4.3% decline in imports is thus much more marked, and also follows two monthly upward phases of +1.7% and +2.3%. The sharper contraction in imports augurs well for the trade balance result at the start of the year. The Swiss economy is therefore on a more difficult trend for the export sector, although we can be pleased to note that sales of Swiss watches have continued to recover, by +3.1% year-on-year, thanks in particular to increased demand from our main trading partners, the USA (CHF 325 million) and China (CHF 194 million).

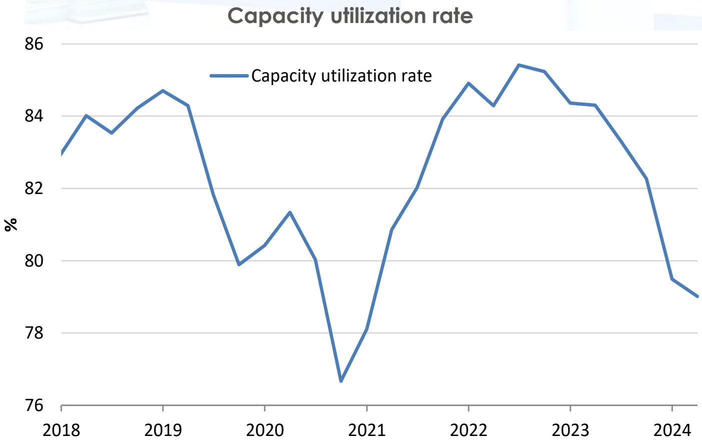
Leading indicators remain uninspiring

The leading indicators ended the year on a still uncertain note, after having been very indecisive throughout 2023. In recent months, however, the KOF economic barometer has followed a slightly more encouraging upward trend, rising significantly from 95 in October to 101.6 in February. This trend may suggest a marked improvement in the economic climate, but it has yet to be confirmed by confidence indicators and PMIs. In terms of leading indicators, however, the manufacturing PMI has stabilized somewhat over the past few months, following the very long decline that began in July 2021, when it peaked at a high of 70 and fell to an all-time low of 38.5 in the summer of 2023. Sentiment has improved since then, however, without the indicator being able to climb back above the 50 threshold. The situation in industry remains problematic, while that in services is also beginning to flag. The services PMI, which was still very solid in December 2023, deteriorated significantly at the start of the year, in the wake of the loss of consumer confidence that has been taking hold for four months now. The drop in confidence proved to be sharp and deep, as the indicator deteriorated sharply from -27.1 to -41, suggesting significant risks of a collapse in consumption.

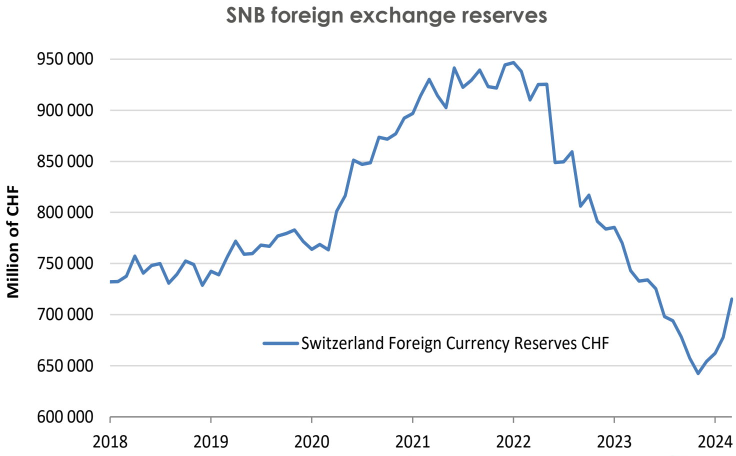
Swiss inflation is now close to +1%.

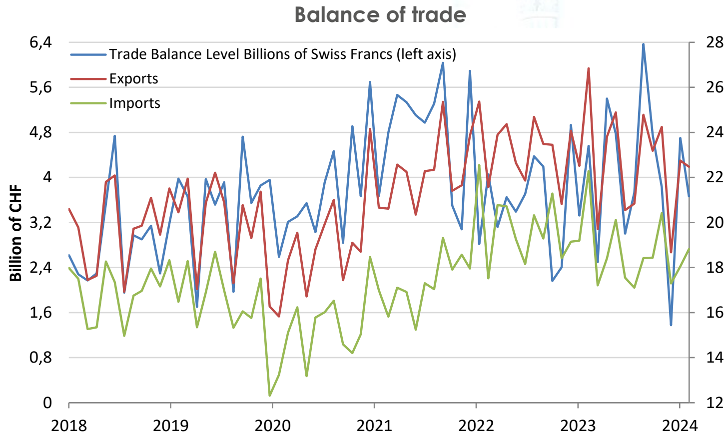
Swiss inflation continues to decelerate, falling to 1.2% year-on-year in February, with the core segment sliding to +1.1%. Despite an undoubtedly temporary monthly rebound of +0.6% in February, the Swiss CPI index continues to confirm the trend announced as of July 2022 of a new, much more moderate inflation regime, which should rapidly bring inflation down to a reasonable level in our country. At the time, we suggested that a new inflation regime would be in place by the 2nd half of 2022, which would be significantly lower than the one that prevailed during the first six months. We also suggested that price rises could be limited to +2.2%/year by June 2023, if our expectations of an average decline of around +0.2%/month were maintained for long enough. Since June 2023, inflation has been below the SNB's 2% target for almost three quarters.





Graph sources: BearBull Group | Bloomberg





The inflation trend in Switzerland came as a pleasant surprise to many, but this new, slower pace only confirms our analysis and augurs well for the months ahead. The price trend in Switzerland is an excellent result for our central bank, which can pride itself on having controlled the rise in prices in our country. Despite the continued cautious stance taken by monetary authorities, inflation has stabilized and no longer justifies a restrictive monetary policy and a strong franc. We expect Swiss inflation to remain on this trend for a few months yet, which could quickly translate into a year-on-year inflation rate well below +1%. The fall in the euro and dollar against the Swiss franc has undoubtedly helped to reduce the risk of imported inflation. Import and producer prices are also now under control.

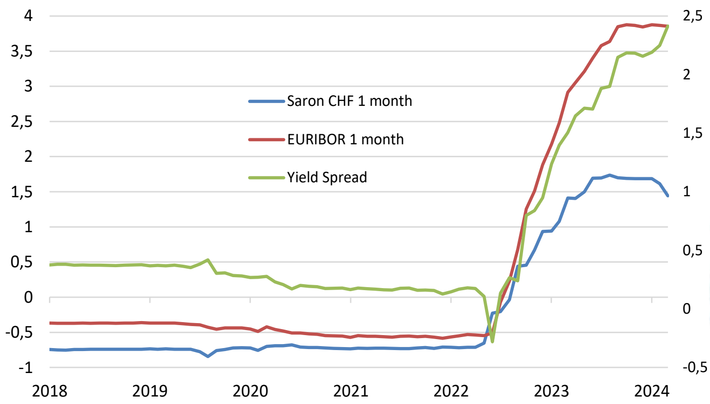
SNB becomes the first central bank to cut interest rates

Despite the very sharp decline in price indices, which saw annual inflation fall to +1.2% in February 2024, one might have imagined that the SNB would perhaps not be motivated to be the first central bank to ease up on the fight against inflation initiated by most central banks in 2022. And yet, its actions have been crowned with success, as demonstrated by the persistence of monthly price index publications below its official target. In our view, the Swiss National Bank could still have a sufficiently positive assessment of its impact on price dynamics to embark on a phase of monetary policy normalization. The Swiss economy appears resilient, but the strength of the franc is affecting the industrial sector and threatening the outlook for GDP in the coming quarters. The labor market remains tight, but wage increases are likely to remain contained, according to the latest KOF estimates. Against this backdrop, the SNB finally acted in line with our expectations by cutting its key rates by 0.25% in March from the 1.75% level, significantly above the published inflation figure for February of +1.2%. The SNB has therefore finally decided to lower its key rates before June, while slightly relaxing its policy of supporting the franc. The SNB's policy of reducing the size of its balance sheet by cutting foreign exchange reserves, which had reached CHF 946 bn in January 2022 and had been drastically reduced by -32% in twenty-two months to CHF 641 bn, through sales of between CHF 10 and 20 bn, had largely contributed to limiting inflation in our country. The SNB's currency sales were therefore the first sign that it was easing its restrictive stance before this first key rate cut. This has now been the case for three months, with currency reserves up from 643 bn to 677 bn at the end of February. A few weeks ago, we were of the opinion that the prevailing conditions should allow for a first 25 bp cut by the end of Q2 2024. Today, we are pleased to note that our SNB has also considered that the time is right to implement its change in monetary policy for 2024.

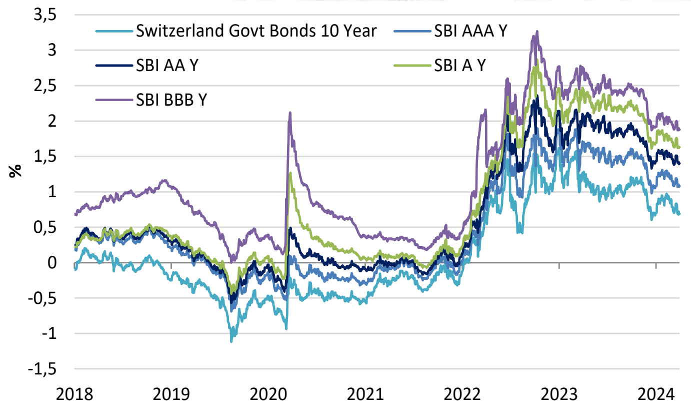
The weakness of the franc is now clearly underway

The franc's strength certainly peaked at the end of December 2023, with an appreciation of +4% against the euro and 7% against the dollar. The USD/CHF exchange rate ended the year virtually at its lowest level, approaching 0.8391, its 2015 low. At the end of the year, we were of the opinion that the SNB could now reduce its purchases of Swiss francs and let interest rate differentials act as the main vector for currency flows. In recent months, the SNB has indeed probably limited its interventions, as suggested by the higher level of its foreign exchange reserves. Since the beginning of the year, the yield spread between the Swiss Confederation's 10-year yield (0.7%) and the German Bund yield (2.26%) has widened again, to 156 bps. Nominal yield spreads with the US Treasury also widened slightly, to around 340 bps. Against this backdrop, we believe that franc weakness is now increasingly likely throughout 2024.

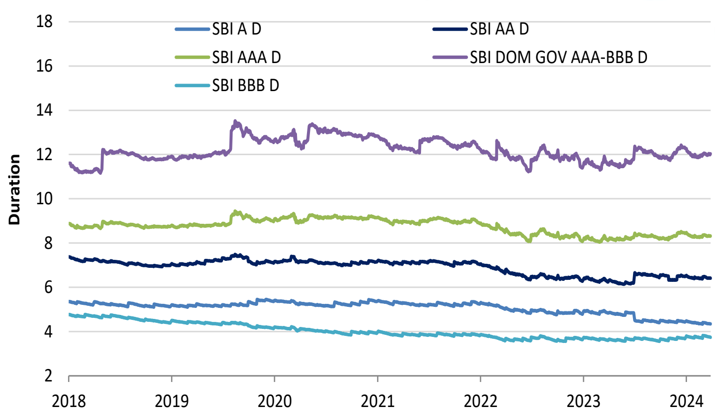
Graph sources: BearBull Group | Bloomberg



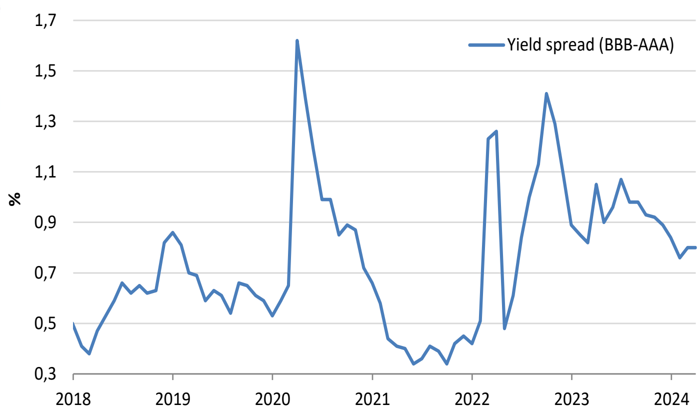
Saron/Euribor 1-month rate differential



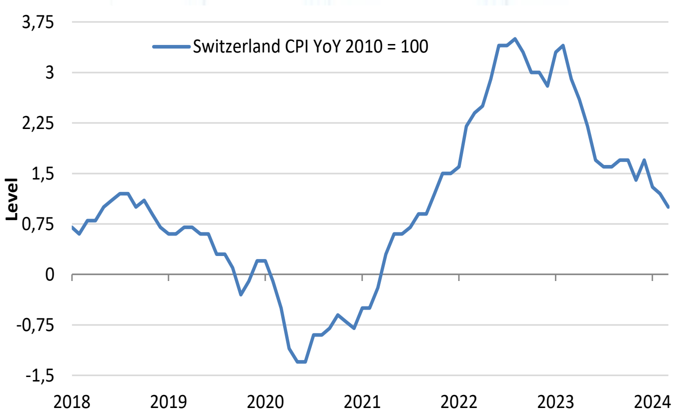
Interest rates (Confederation, AAA, AA, A, BBB)



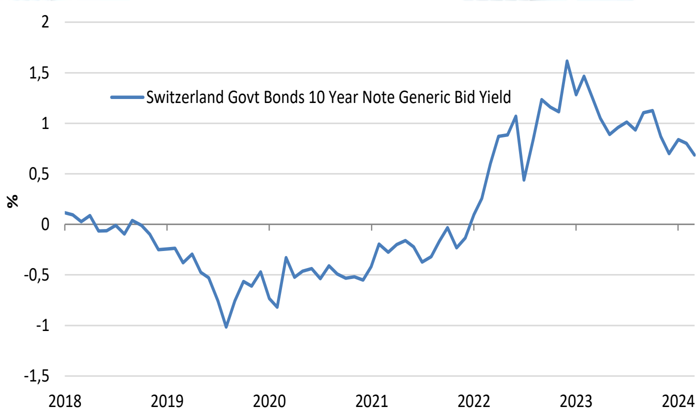
Duration of Swiss bonds



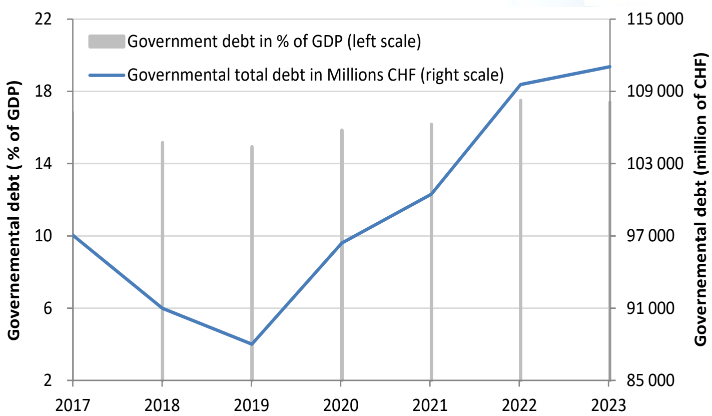
Yield spread



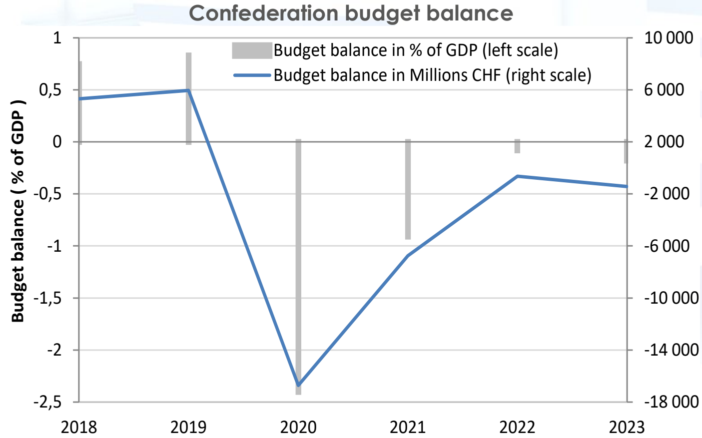
CPI Inflation



Confederation long rates since 2018



Total federal debt



Confederation budget balance

Graph sources: BearBull Group | Bloomberg
BearBull Global Investments Group

MACROECONOMIC SCENARIO

Eurozone

- Stagflation takes hold in the Eurozone in early 2024
- Falling inflation loses momentum
- Change in ECB monetary policy imminent
- Positive outlook for bond markets

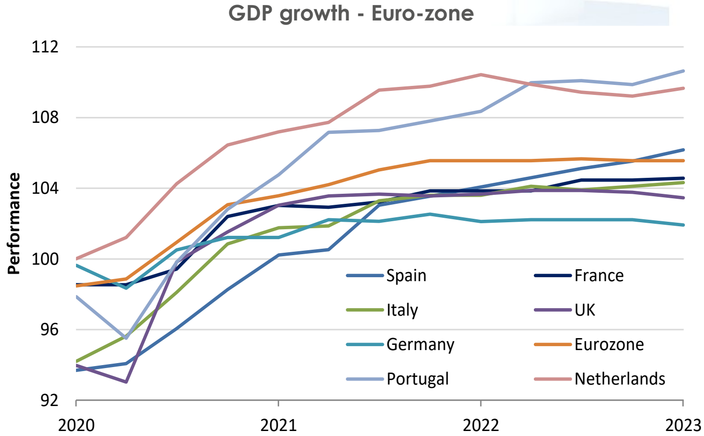
Eurozone GDP stagnates

In the 4th quarter of 2023, the Eurozone's GDP remained totally stable (0%), avoiding a technical recession following the -0.1% decline in the 3rd quarter. The European economy has once again narrowly beaten the predictions of a recession in the 2nd half of the year, thanks to this quarterly stagnation in GDP at the end of the year. The recession predicted by the consensus since the start of 2023 has yet to materialize, as the European economy continues to withstand the headwinds that could have already had a greater impact at the beginning of the year. That said, the European economy remains extremely weak, as demonstrated by the absence of growth for 2023 as a whole, which translates into a barely visible +0.1% year-on-year increase in GDP. Overall, there was little activity in any of the GDP components, but it was essentially the very weak growth in household consumption (+0.1%) which continued to decline in the 4th quarter, affecting GDP. While consumption growth is shrinking and approaching zero, public spending is supporting GDP with an increase of +0.6%, twice as high as that recorded in the previous quarter (+0.3%). The investment and fixed capital expenditure component in particular surprised with a +1% rise, in contrast to the contraction expected by experts. In terms of contribution, the change in inventories (-0.1%) and imports (-0.3%) offset the slight positive contributions from government spending (+0.1%) and fixed investments (+0.2%). In recent months, the negative trend in German GDP (-0.3%) has been one of the strongest negative national contributions. Among the zone's main countries, Portugal (+0.8%) and Spain are showing the strongest momentum (+0.6%), well ahead of growth in the Netherlands (+0.3%), Italy (+0.2%) or France (+0.1%). The resilience of the European economy may come as a surprise in the current context, still marked by real purchasing power nibbled away by inflation and financing costs higher than at the start of the year, but which have nevertheless stabilized below their Q3 highs. The European economy bends but does not break. The first quarter of 2024 is not expected to improve either, suggesting instead that the eurozone economy is experiencing a stagflationary phase marked by a lack of growth and sharply declining inflation, but still above the ECB's target. Growth in 2023 in the eurozone was therefore barely positive, and well below the ECB's forecast of +0.6%. For our part, we were expecting a fall of -0.1% and a very moderate recession, which should have led to slight year-on-year growth of +0.2%, far less optimistic than the ECB's forecast. In fact, the European economy has come to a standstill, which may already be a certain success given the context that prevailed throughout the year on the inflation front, as well as in terms of interest rates and the cost of financing household and corporate spending/investment.

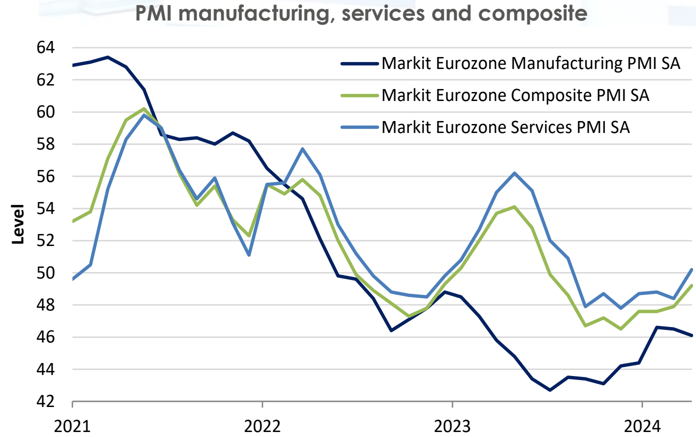
Stagflation takes hold in the eurozone in early 2024

The European Central Bank's forecast for GDP growth in 2024 is +0.6%, but the bulk of this is likely to come in the second half of the year, as our own forecasts point to a possible increase of just +0.1% in Q1 2024, for a potential increase over the full year of +0.4%. In our view, the European economy is likely to remain relatively weak for one or two more quarters, marking a phase of stagflation lasting around eighteen months. Over the next few months, domestic demand will be particularly weak, marked by a decline in private consumption that could be offset by slightly higher government spending. Support from government spending will be essential to avoid a further decline in GDP. Our central scenario for the first half of the year is still that of a slowdown in consumption momentum and GDP still flirting with a technical recession, which should be extremely moderate. recession do not seem to us to need to be exaggerated, all the more so as in the present context it now seems very likely that the ECB will change its monetary policy within a timeframe of close to three months. The economic statistics available for January and February seem to confirm the expected weakness of the economy.

GDP growth - Euro-zone

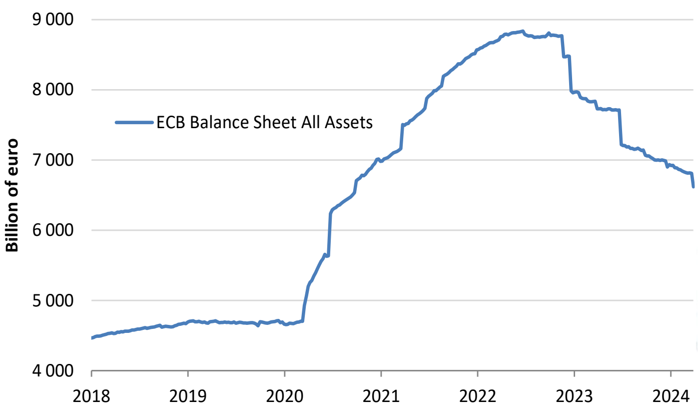


PMI manufacturing, services and composite

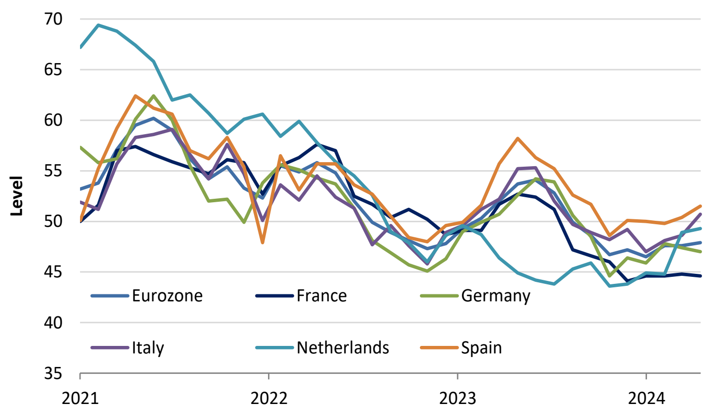


Graph sources: BearBull Group | Bloomberg

ECB balance sheet



PMI Composite - Country



Fears of a recession do not seem to us to need to be exaggerated, all the more so as in the present context it now seems very likely that the ECB will change its monetary policy within a timeframe of close to three months. The economic statistics available for January and February seem to confirm the expected weakness of the economy. Industrial production (CVSM), for example, recorded a sharper-than-expected decline of -3.2% (January). Industrial production ex-construction fell sharply back into negative territory (-6.7%), after temporarily recording a small increase of +0.2% in December. Monthly data remain volatile, but this is one of the steepest falls seen in a very long time, with the exception of the one seen in March and April 2020 at the start of the Covid pandemic. This is therefore another very weak start to the quarter, suggesting that the manufacturing sector remains fragile and could yet weigh on eurozone GDP.

Leading indicators remain highly uncertain

The latest PMI leading indicator figures for March continue to point to a weak economic situation, linked to difficult conditions in the manufacturing sector. The manufacturing PMI indicator slipped further down the rankings, after recovering at the start of the year. At 45.7, the manufacturing PMI remains well below its growth threshold of 50, which it left in June 2022, almost two years ago. Conditions are very different for the services sector, which is once again above 50, suggesting a likely upturn in activity, which will enable the overall indicator to improve too. Nevertheless, the composite indicator remains below the growth threshold. The trend in the PMIs suggests that the eurozone economy will find it difficult to record growth in the 1st quarter and over the following months, as it is still affected by interest rates and credit costs which are penalizing sentiment among households and businesses. Changes in the main parameters used to assess credit conditions also suggest that they are deteriorating for both households and businesses, thereby increasing the risk of a weakening of the economy and consumption. That said, the latest positive developments observed since November on the inflation and interest rate fronts could temper negative estimates of falling demand and also support a rebound in leading indicators over the coming weeks. But while we wait to see these developments, households still can't rejoice when they observe the mortgage financing rate, which despite a small drop to 4.15%, remains practically at its highest level (4.35%) of the year 2023, and thus up sharply from the 1.5% level that still prevailed at the beginning of 2022.

Slight improvement in confidence and sentiment

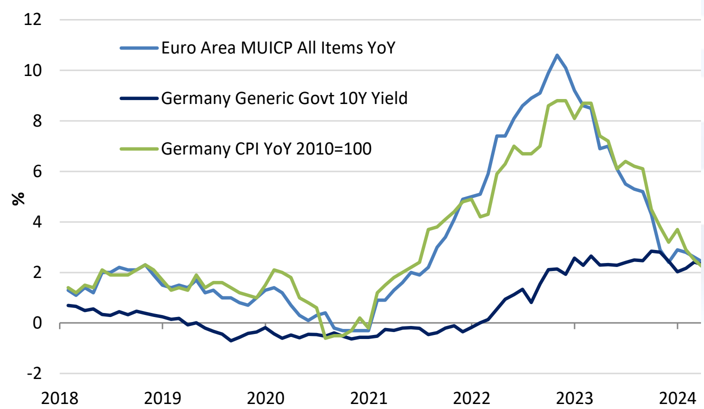
Household confidence for the month of March stabilized at its highest level since February 2022, perhaps suggesting a better assessment of the situation. But in historical comparison, confidence as measured by the European Commission is still well below both its pre-health crisis level and its long-term average.

Falling inflation loses a little momentum

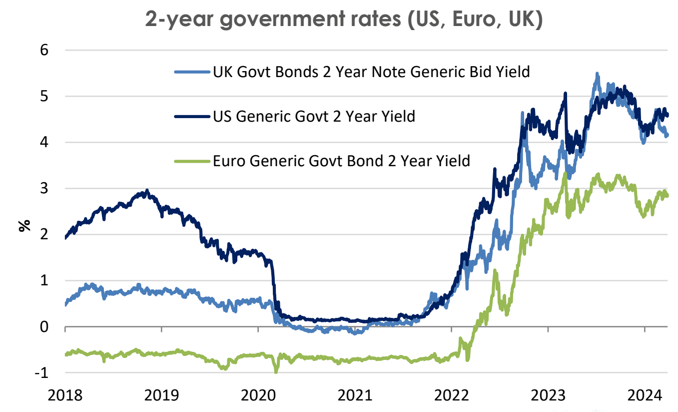
Eurozone inflation stood at +0.6% in February. All components rose slightly. Price trends in February were less encouraging than in January, but still enabled the overall index to fall to +2.6% year-on-year. The fall in the CPI index is now quite pleasing and spectacular in relation to the +10.6% level reached in October 2022. Inflationary pressures have thus clearly weakened over the last four months of 2023, reinforcing expectations of a continuation of the downward trend in 2024. The year-on-year decline to +2.6% brings inflation closer to the central bank's target of +2%, which will certainly enable it to consider easing monetary conditions more quickly. Core inflation is still lagging behind the overall trend, and is slightly ahead of it with a growth rate of +3.1%.

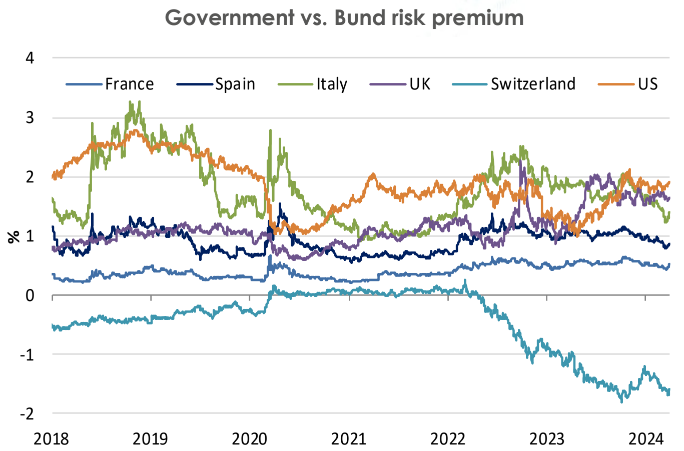
Citigroup Economic Surprise Indicator - Eurozone

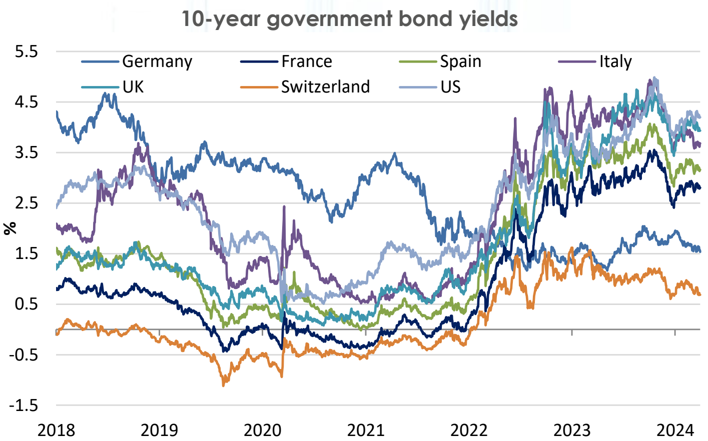
10-year interest rate - CPI

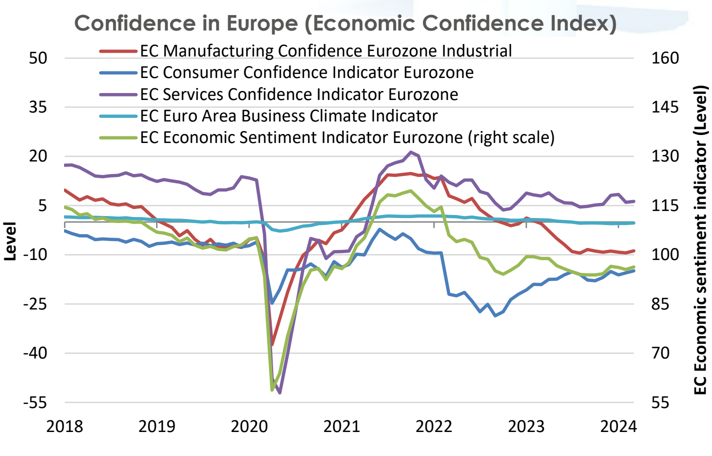


Graph sources: BearBull Group | Bloomberg









But on the producer price front, the situation has accelerated and improved significantly. After peaking at +43% in August 2022, deflation is now clearly in place. The indices show a tenth month of price contraction, with January prices down -8.6% year-on-year. This development should give companies some flexibility to adjust their sales prices downwards. The sharp decline in producer prices should also continue to have a positive impact on consumer price indices. Inflation in the eurozone is therefore likely to weaken further, particularly as the current economic slowdown continues. The ECB's inflation forecast for the year as a whole has been sharply lowered from +5.4% to +2.3%, which is quite close to the current level of +2.6%. The current situation is therefore already relatively well on track towards the institution's annual target and forecast. CPI could therefore reach the 2% threshold in early 2024, while core inflation will probably take a little longer to approach it.

ECB to change monetary policy soon

The ECB certainly wasn't expecting such a pleasant surprise at the end of 2023, as it had instead adopted an extremely measured inflation-fighting policy from 2022 onwards, raising its key rates only very gradually. Whereas the Fed and the SNB, for example, adopted genuinely restrictive monetary policies, increasing their key rates more rapidly as they approached inflation levels, the ECB adopted a much less voluntarist policy. While inflation differentials jumped dramatically with Switzerland, yield differentials progressed only very slowly and to a much lesser extent. In the end, the ECB was very lucky, as it was able to count on a collapse in inflation in the eurozone without having to adopt a very restrictive policy. Inflation is now well below the key rates (4.5%) by any measure. This downward acceleration in price indices and a differential of almost 200 bps between CPI and key rates means that the Bank can now contemplate its actions with a little more peace of mind. The ECB will also be keeping a close eye on wage trends, which fortunately also showed a reduction in tensions in line with its expectations. Indeed, wage growth has fallen from +6% in December 2022 to +3.4%. Since this new environment has materialized, we consider that the ECB will leave an intermediate period of stabilization of key rates lasting several months, but that in June 2024, it will finally be able to begin a policy normalization program involving a gradual reduction in its key rates. The peak of the rate hike cycle has therefore been reached in September 2023, and the first cut of 0.25% could take place nine months later, in June 2024, according to our assessment.

Positive outlook for bond markets

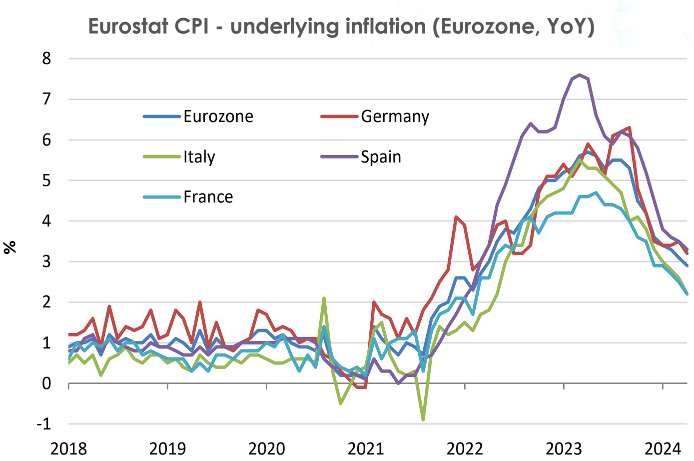
The faster-than-expected fall in European inflation at the end of 2023 quickly had a major impact on investors' expectations of key rates and market rates for 2024. As far as key rates were concerned, the consensus view was that the ECB would rapidly adjust rates downwards in the course of Q1 2024, by around 75 bps. This seemed to us to be a particularly aggressive expectation, even considering that inflation would continue to fall at a sustained pace, and that there might be a marked recession during the winter. Our outlook did not envisage such developments, either on the economic front or on the monetary policy front. Our expectations of an economic slowdown still point to a slowdown in activity and stagnant growth, rather than a sharp recession. Inflation continued to fall in the 1st quarter, albeit at a slower pace. Against this backdrop, expectations for rates at the end of March and the end of June rose from 3.7% to 3.9%, while ten-year German Bund yields also climbed from 1.9% to 2.35%.

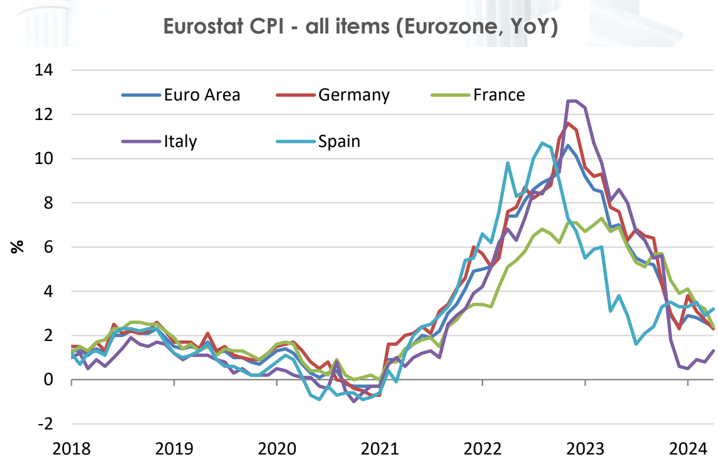
Graph sources: BearBull Group | Bloomberg

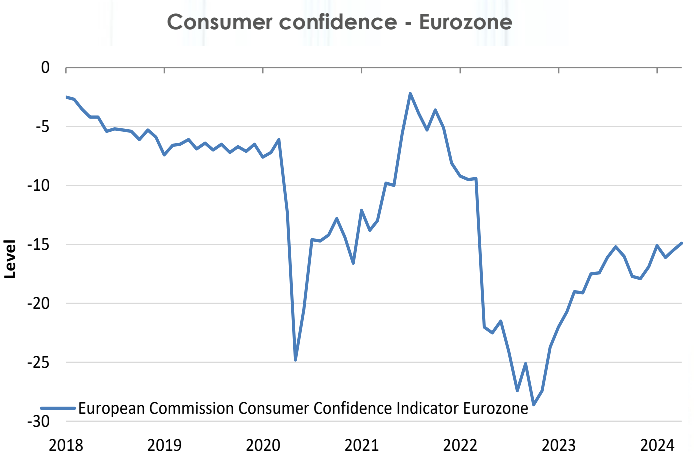
After falling 110 bps, rates have now stabilized 40 bps higher. This adjustment, which has also taken place in many other market segments, seems to us once again to offer repositioning opportunities for investors in search of yield and potential capital gains. Indeed, Bund yields in particular may still adjust downwards and fall back below +2% in the coming months, particularly if inflation turns out to be below the ECB's annual target (+2.3%) in the future. Yields in France (2.8%), the Netherlands (2.65%), Italy (3.66%) or Spain (3.18%), for example, could benefit from a drop of around 50 bps, corresponding to an average capital gain of around +5%. The European bond market is once again attractive for diversifying bond allocations.

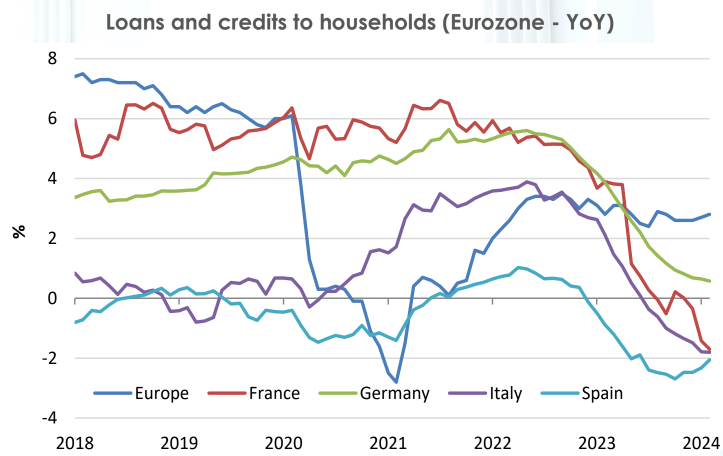
Inflation and interest rate spreads favorable to the euro

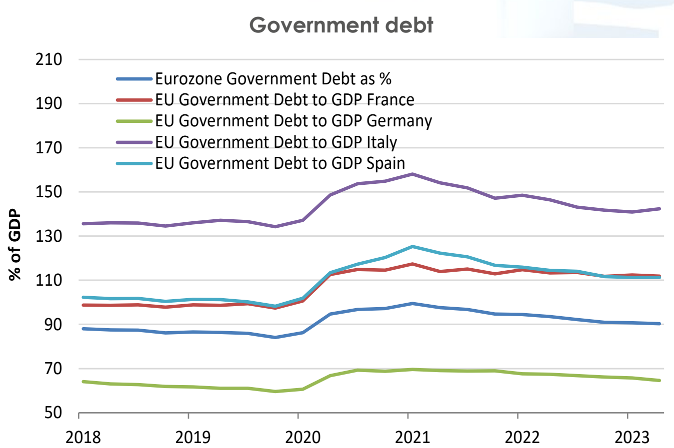
Inflation trends in the eurozone over the last six months are reshuffling the deck and changing the outlook for exchange rates. The collapse in inflation in the eurozone was more rapid towards the end of 2023, allowing inflation differentials to contract more sharply. Against the Swiss franc, the inflation differential is now barely 1%, as low as it was before 2022, having reached a delta of 7%. At the same time, yields have not fallen as sharply, which means that the relative yield differential is now above the inflation differential. We believe that the euro, which had been particularly penalized in 2022 and 2023 by the opposite evolution of these parameters, can now rely on this new paradigm to enter a phase of appreciation against the Swiss franc. This environment should support an appreciation of the euro against the franc above parity.

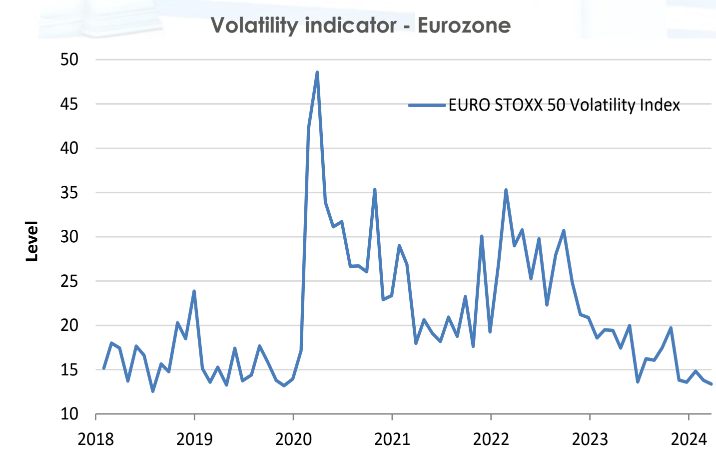












MACROECONOMIC SCENARIO

United Kingdom

- The UK has finally entered recession
- The start of 2024 could already be more positive
- Inflation falls and approaches BoE targets
- BoE soon in a position to cut rates
- Attractive yields and capital gains prospects for sterling bonds

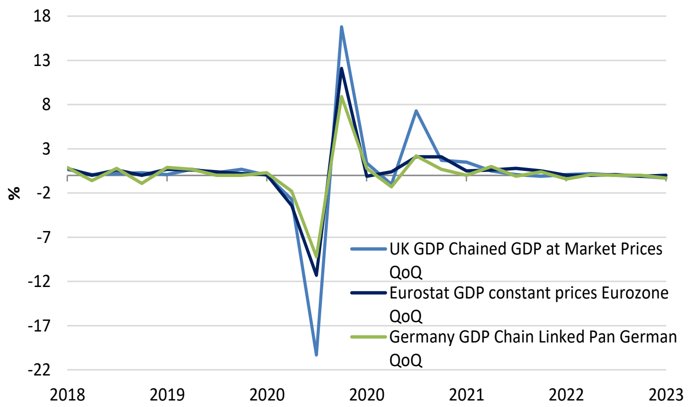
The UK has finally entered recession

For several quarters, the British economy had been resisting economists' forecasts of a likely recession. After a 2nd quarter revised to stagnation, the 3rd quarter recorded an initial very slightly negative trend of -0.1%, which deteriorated towards the end of the year (-0.3%), finally pushing the British economy into recession by the end of 2023. Year-on-year, GDP went from positive growth of +0.3% in September to -0.2% in December. The UK thus entered recession in the 2nd half of 2023, once again surprising observers who had expected a better year-end performance. Prime Minister Rishi Sunak, who had hoped to revive the British economy, will have to accept that a technical recession has taken its place. For the time being, however, this seems to be very moderate, and suggests stagnant growth rather than the onset of an economic collapse. This situation could go a long way to motivating the BoE to lower its key rates without delay, once again becoming the first central bank to complete its monetary policy turnaround. Rising interest rates in response to soaring inflation are taking their toll on consumer confidence in the short term. Indeed, the decline in GDP is this time due to an unexpected drop in private consumption (-0.1%), a -0.3% decline in public spending and a -2.9% fall in exports. The latter plunged more sharply than imports (-0.8%), while investment in capital goods still seemed rather solid (+1.4%). Domestic demand is therefore beginning to weaken more noticeably, if we consider the negative revision of Q3 data already indicating a -0.9% fall in consumption. That said, statistics for early 2024 could already suggest a slight improvement.

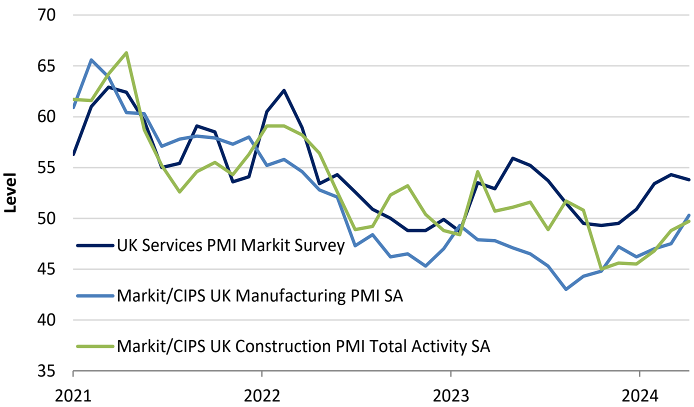
The start of 2024 could already be more positive

The technical recession of the last two quarters remains very moderate, and could prove even more modest after revision of year-end data. In any case, we expect the British economy to be less pessimistic this time than on previous occasions. In 1980, the onset of recession was marked by a decline of around -3% in GDP, and those of 1990 (-1.6%) and 2008 (-2%) were also greater than the decline of the last two quarters. The GDP figures published for January show an increase of +0.2%, suggesting that the start of the year already appears to have seen a certain return to overall growth, supported this time by the services sector, retail and wholesale trade, and the construction sector. These positive developments offset the fall in industrial production (-0.2%). The very mild recession of the second half of the year may therefore already have been halted by the start of an upward trend in GDP. The outlook for the 1st quarter is now slightly better, and we expect GDP to rise by +0.2% by the end of March. The UK's economic recovery will remain rather limited for the time being, but given the rather positive trend in inflation, the chances are now higher that the BoE will act in the coming months by lowering its key rates. Households are now once again benefiting from positive real wage growth, which undoubtedly contributed to the +3.4% rise in retail sales in January and supported the services sector. The construction sector has also benefited from this improvement in household purchasing power, growing by +1.1%. For 2024, GDP growth is expected to be around +0.4%, thanks to continued positive domestic demand, supported by a +0.3% rise in household consumption and a +1.8% increase in government spending.

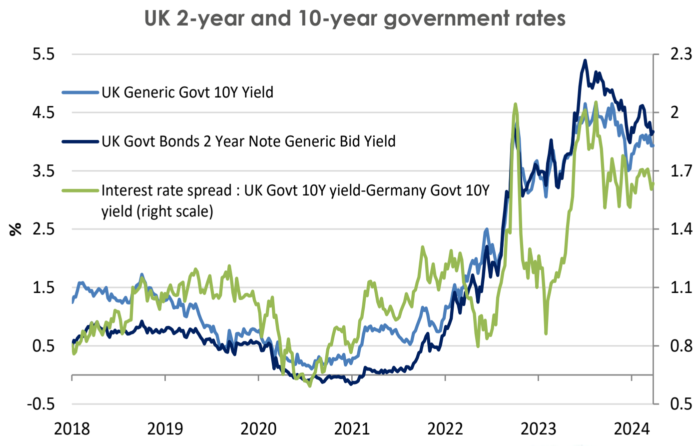
Quarterly GDP growth - UK

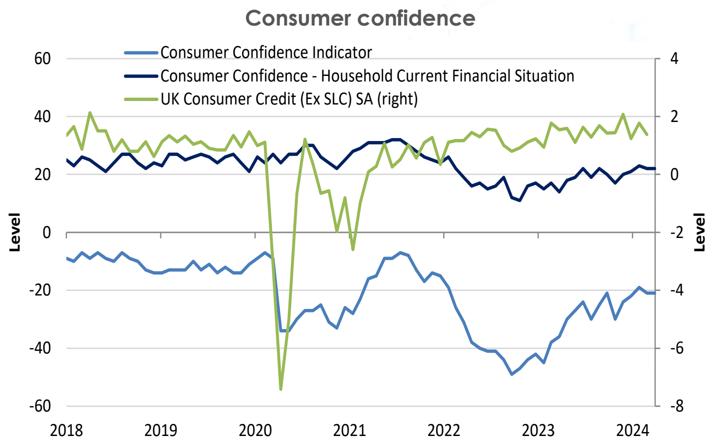


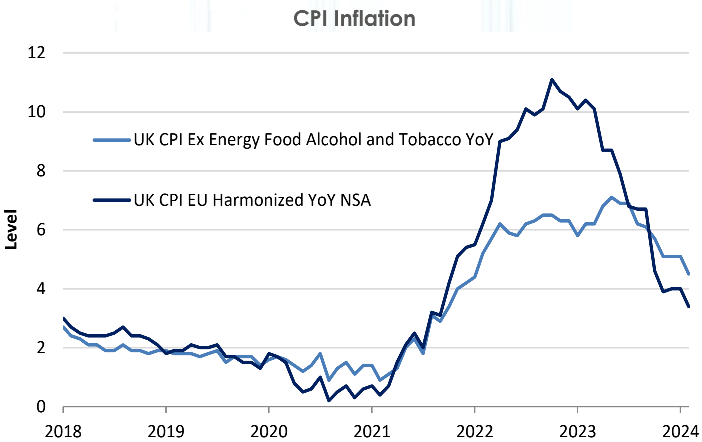
PMI manufacturing, services and construction - UK

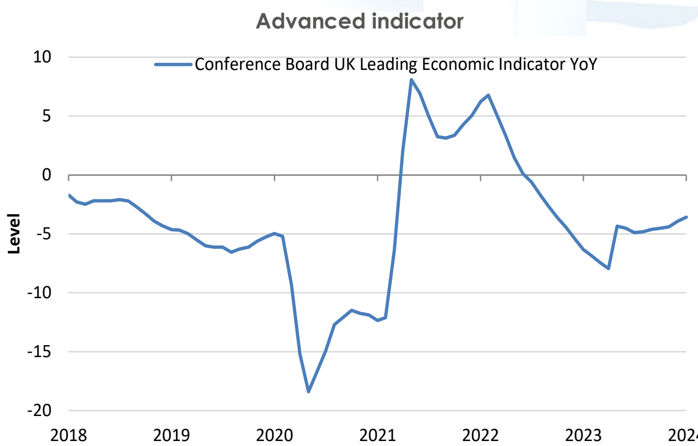


Graph sources: BearBull Group | Bloomberg









Slight improvement in leading indicators

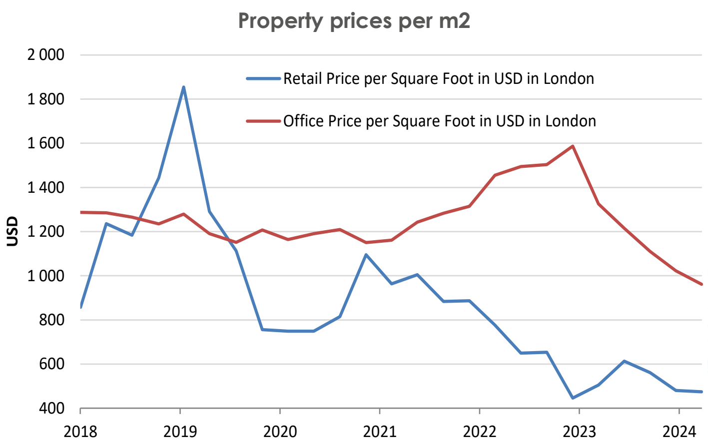
As we approach the end of March, the leading indicators published confirm expectations of a slight upturn in economic activity. The manufacturing PMI remains the most lagging of the PMI indicators, despite a recent rise from 47.1 to 47.5. The services PMI fell slightly short of expectations, but with a level of 53.8, albeit lower than January's 54.3, it remains firmly anchored in a growth zone. The improvement in the construction PMI to 49.7, close to the growth threshold, is also a positive development, supporting the rise in the composite PMI to 53 points, which has been in positive territory for the past four months. As the PMI measures do not include the public sector, we believe that the higher public spending expected in 2024 will reinforce the more positive trends expected for the private sector.

Households seem more confident

Household living standards continue to improve, thanks to real wage growth driven by the sharp fall in inflation in recent months, and continued nominal wage growth of +6.1%. The fall in the consumer price index has now lowered inflation from +11.1% in October 2022 to just +4% year-on-year in January 2024. Households see these developments as rather favorable, and this is now quite clearly reflected in the positive trend in their confidence levels. Indeed, the household confidence indicator (-21) for the month of January (GFK) has been evolving positively since the 4th quarter of 2022, while still remaining well below the level that prevailed before the health crisis (-8). Confidence is undeniably improving against the odds, while the economy is flirting with recession. The recent rise in the unemployment rate and the fall in job creation could contribute to a deterioration in consumer sentiment and resilience, but the prospect of sharply declining inflation and further rate cuts should help to reinforce the current positive trend.

Inflation falls and approaches BoE targets

Inflation peaked at +11.1% in October 2022 in the UK, one of the worst price trends in the industrialized world. Despite swift action by the BoE and an intense rate hike, UK inflation struggled to show the expected signs of easing. In June 2023, it still stood at +7.9%, before the rise in key rates to 5.25% finally brought about the expected downward acceleration. The decline remained disappointing for a quarter before the end of 2023 finally saw a more marked fall in CPI. The sharp drop in the food, housing and energy components enabled the price index to slide rapidly to +4%, fueling hopes of further declines. In January, the -0.6% fall over a single month largely underpinned positive expectations of further price declines and a favorable reaction from the central bank. Against this slightly more optimistic backdrop, the trend in producer prices also made its contribution, showing persistent stability (-0.6%) for over six months, after recording a +20% year-on-year rise in June 2022. In our view, it is now becoming increasingly possible for the BoE to regard these factors as sufficiently positive to consider a further change in monetary policy, despite persistently high inflation in the services segment (+6.5%).



BoE soon in a position to cut rates

The technical recession in the 2nd half of the year was widely expected by the BoE to help reduce inflationary pressures in the country. In fact, during this period, inflation fell from +8.3% to +4%, while monetary policy remained unchanged. In fact, since August 2023, key rates have remained stable at 5.25% in anticipation of the hoped-for economic downturn. After fourteen consecutive rate hikes and one of the earliest restrictive monetary policies to be implemented, already in December 2021, the BoE now faces a new, slightly more comfortable situation, just a few days before it has to decide whether to cut its key rates for the first time. In our view, the MPC is unlikely to change its key rates immediately on March 21, but action at the next meeting now seems more likely. Inflation has been performing slightly better than MPC forecasts in recent weeks, and the next figure released just before March 21 could well show inflation continuing to fall to just +3.4%. Declining wage growth is one of the key factors in recent weeks too, especially if it falls as forecast to just +5.4% at the end of March. We believe that the BoE will still hesitate to act in March, but that given the positive flow of economic data and statistics pointing to a further fall in inflation in the coming months, it will cut rates in May or June. At that date, we can now anticipate overall annual inflation of +1.6%, 3.2% for the index excluding food and energy, and +5.1% for services. The consensus view is that the first decline will only occur in August.

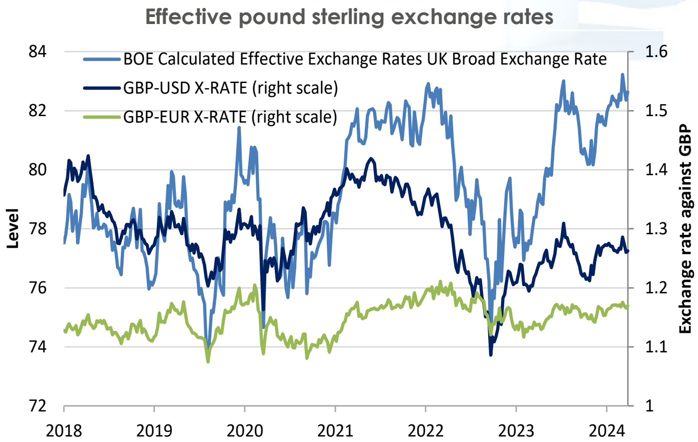
On the contrary, we believe that current and near-term conditions are already sufficient to allow a change in monetary policy to be implemented before the summer, particularly if the Federal Reserve in the USA also decides to ease policy.

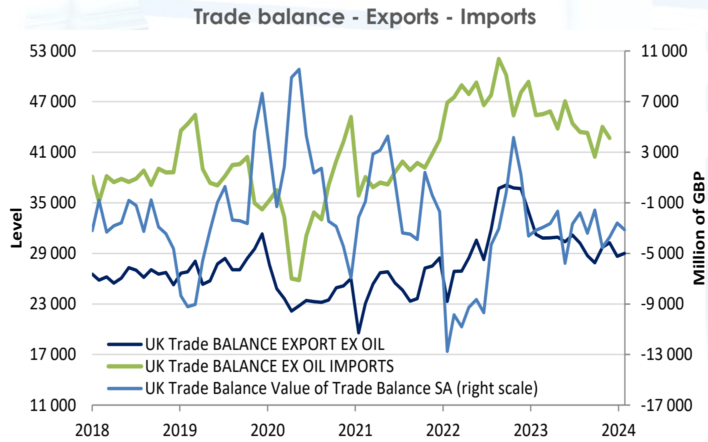
Attractive yields and capital gains prospects for sterling bonds

The increasingly visible economic slowdown, together with the more marked easing of inflation, now give reason to hope that interest rates will evolve somewhat differently from what was envisaged just a few months ago. In October, UK ten-year government yields once again reached the 4.7% threshold that had been touched in September 2022, July and August 2023. Since the downward acceleration in inflation in recent months and a string of more favorable economic statistics, including the technical recession in the 2nd half of the year, the assessment of the risks of monetary tightening and the perception of the appropriate level of long-term rates have changed significantly. After an initial reaction to the fall in long rates from 4.7% to just 3.4% at the end of December, the rebound in the first two months of the year to 4.2% has put the level of long rates back above annual inflation.

In view of the above-mentioned developments in inflation and monetary policy, we expect the BoE to start lowering its key rates in May, and to pursue this policy to reduce rates from 5.25 to 4% by the end of 2024. The yield curve, currently inverted by almost 100 bps, should also fall on longer maturities, whose yields could slip back towards 3%, if expectations of falling global inflation prove correct.

The outlook is normalizing for sterling bonds, which can now look forward to significant capital gains against this backdrop of falling ten-year yields of 100 bps.





 Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

Japan

- Outlook for Q1 2024 remains weak
- Further decline in leading indicators
- Inflation falls sharply despite yen weakness
- BoJ monetary policy still accommodating

Q4 GDP confirms our forecast of a moderate recession in Japan at the end of 2023

Our forecast of negative year-end GDP growth in Japan appears to have materialized, given the preliminary figures published for the final quarter of 2023. We were expecting the negative trend of the previous quarter to continue, due in particular to persistently weak international demand and sluggish domestic consumption. The published figure of -0.1% for Q4 and -0.4% annualized is not in itself dramatic, but it keeps Japan in a phase of economic decline after a particularly negative 3rd quarter (-3.3%). The consensus of forecasters was once again taken aback by this result, which fell well short of expectations for growth of +1.1%, while only one economist out of thirty-four had also predicted a possible recession. Private consumption was disappointing, weighing on the performance of the Japanese economy with a non-annualized decline of -0.2%, even though the previous quarter had been revised downwards by -0.3%. Capital goods investment also stalled, slipping by -0.1% after a -0.6% revision for the previous quarter. The slight increase of +0.2% in exports does not seem to be a source of satisfaction, due to a positive one-off effect linked to better service exports in connection with exceptional royalties over the quarter. The effective contribution of inventories appears to have been nil over the period. At the end of the year, Japan recorded its second consecutive quarter of negative growth, plunging the economy into a technical recession. Japan's underperformance in recent quarters has also had a damaging impact on its position among the world's economies, since the fall in Japanese GDP has relegated it to fourth place, supplanted by the German economy, which has now overtaken Japan's and moved up to 3rd place.

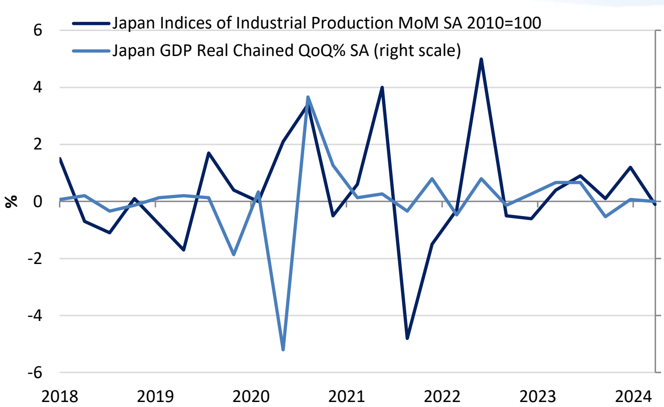
Outlook for Q1 2024 remains weak

Japan's GDP remains more dependent than ever on international demand, while domestic consumption is still struggling to recover. The economy is undermined by sluggish household consumption and exports that are totally dependent on international trends. Household consumption continues to be negatively affected by inflation, which is still resilient and unlikely to fall rapidly in the specific Japanese context, where the yen is still devaluing strongly, and cannot be curbed by BoJ action in the current recessionary environment. The central bank cannot effectively combat imported inflation, while the yen continues to decline. The decline in consumer purchasing power, resulting from the steady decline in disposable income and ongoing inflation, can therefore only be stabilized very gradually. The same applies to Japanese companies, which are still reluctant to make new investments. Growing consumer spending by foreign travelers to Japan will provide only modest support, and will not significantly influence the overall level of consumer spending. Japan would greatly benefit from an economic revival in China, which could counteract the weakening of its other major partners, which could finally materialize in 2024. The Chinese government's economic support measures could indeed show concrete signs of recovery, and subsequently develop the expected effect on Asian economies and the Japanese economy in particular. Global demand is likely to remain subdued in the early part of the year, before strengthening thereafter and once again bolstering Japan's economic prospects. In the short term, however, the outlook remains highly uncertain. We do not foresee a strong potential recovery in international demand and domestic consumption at the start of 2024. Q1 growth is therefore likely to remain weak, but could still turn out to be very slightly positive.

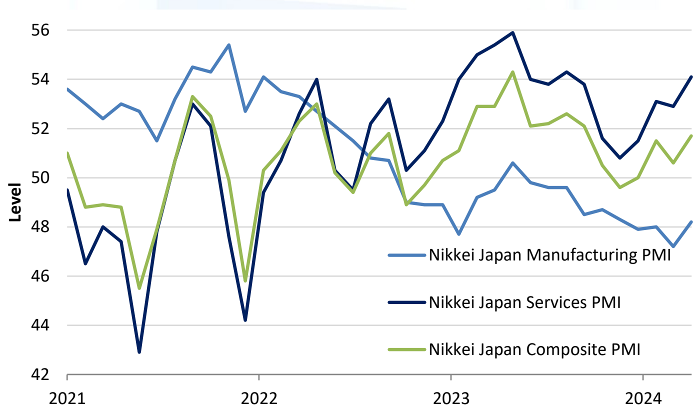
Further decline in leading indicators

Jibun Bank of Japan's leading indicators logically show no signs of improvement in the still sluggish economic climate at the start of the year. The manufacturing PMI published for February, at 47.2, continues its decline below 50 and is slightly below its previous level (48), suggesting a continuation of the ongoing slowdown in industrial activity. The composite indicator also remains on a downward trend, and is now just on the razor's edge at 50.3, clearly showing a worsening situation. The services indicator seems to be holding up well, with a reading of 52.5, which is still well below its May high of 55.9. Activity in the service sector ended up following the negative trend, but still looked slightly better.

GDP and industrial production

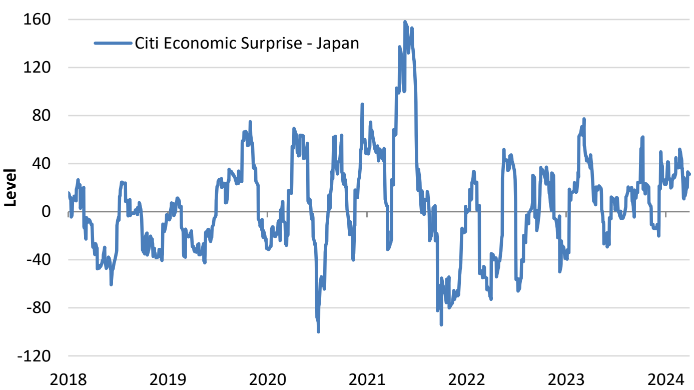


PMI Composite, manufacturing, services - Japan

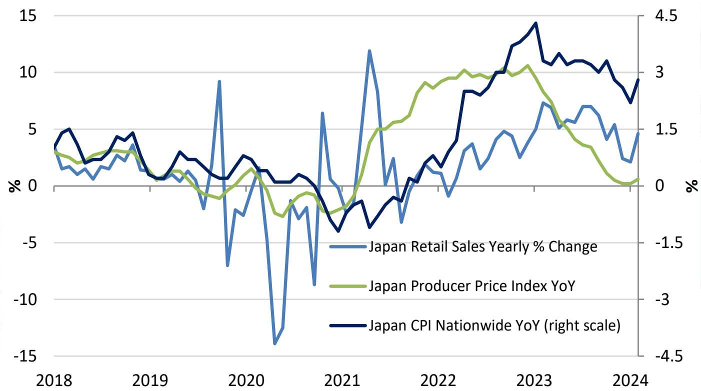


 Graph sources: BearBull Group | Bloomberg

Economic Surprise Index



Inflation (CPI and PPI) and Retail Sales



Overall, the PMI indexes have been on a downward trend for several months, pointing to potential weakness in the industrial sector and a downturn in services. Activity measured by the Ministry of Economy and Trade in the tertiary sector has also weakened, according to the latest published figures, while falling industrial production has slightly reduced its year-on-year decline to -1%. The Japanese economy is feeling the effects of the global slowdown, not only on its declining industrial output, but also on orders for machine tools, which are still heavily affected by the international slowdown. Since the start of 2023, orders have fallen sharply, by -14% year-on-year at the end of December. Despite significant economic growth in China, Chinese orders fell by -5.5% over the same period. Japan's January export figures of +11.9% year-on-year contrasted sharply with previous figures. The latter surprised observers and, thanks also to a further -9.6% contraction in imports, enabled a striking turnaround in the adjusted trade balance, which returned to a surplus of 235 billion yen after a negative balanceof -412 billion in December.

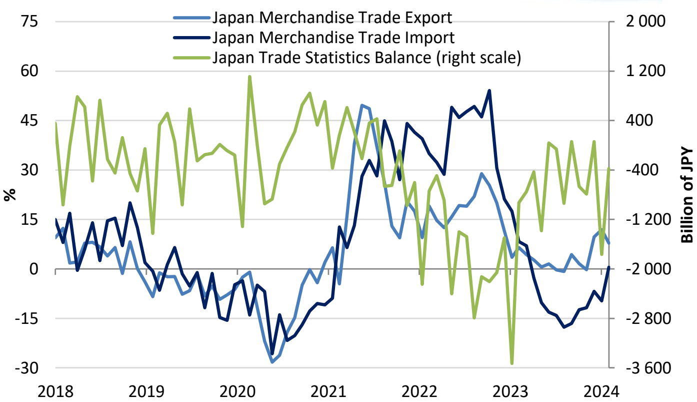
Inflation falls sharply despite yen weakness

The latest inflation figures published for the month of January are finally particularly pleasing, as the fall in the CPI index for Tokyo over one year from +2.4% to just +1.6% between December and January is an excellent surprise for all observers and potentially for Japanese consumers. In this environment, the index excluding food and energy still showed a figure of +3.1%, but still declined from its previous level of +3.5%. The fall in the yen orchestrated since mid-2021, which has depreciated from 115 to 150 yen/USD in just over a year, has made a major contribution to the return of inflation in Japan, already triggered by the upward trend in commodity prices. The consumer price index (CPI Tokyo) jumped from +0.8% to +3.9% in one year, peaking in January 2023 at +4.4%. The decline since then has been partly supported by the fall in crude oil prices in 2023. In parallel with these developments in CPI indices, producer prices (PPI) followed a more favorable trend, with prices remaining stable in January, reducing the year-on-year increase to just +0.2%.These are rather encouraging results for both the CPI and PPI indices over the coming months, which should gradually benefit from this factor influencing companies' propensity to raise selling prices to maintain margins. The transmission of higher import and producer prices to consumer price indices could also have positive effects over the next few months, further lowering CPI indices. Overall, we believe that the various domestic and external factors should favor a further decline in Japan's various inflation measures, unless the exchange rate sags again in the coming months.

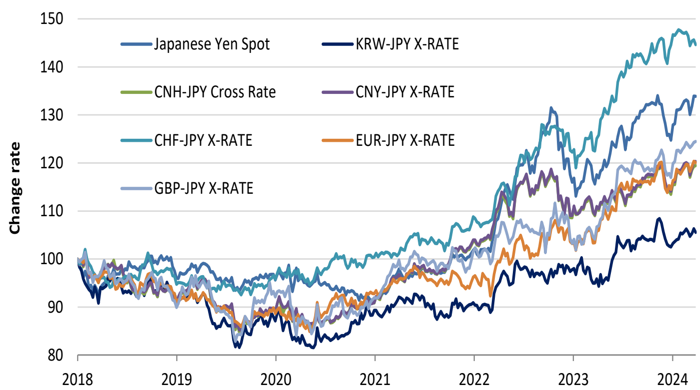
BoJ monetary policy remains accommodative

The recent evolution of price indices in Japan now offers the BoJ the opportunity to avoid having to question its accommodating monetary policy. With the deceleration in price rises now below its target of +2%, the BoJ can look forward with a little more serenity to not having to raise its key rates. It should be remembered that the ECB had a hard time getting out of the previous deflationary phase, and we believe that it will certainly not be ready to risk a return to this situation by tightening its policy too soon. A premature rate hike would have damaging consequences that would be harder to counter than a subsequent rise in prices. In fact, BoJ Governor Kazuo Ueda has indicated that he considers inflation to be on track to meet its targets, noting that a virtuous circle is in the process of being set in motion, which should even strengthen gradually. Governor Ueda's current analysis is therefore relatively optimistic, based on a forecast of gradual inflation accompanied by wage and employment growth. A forthcoming end to the negative rate policy is now increasingly likely, and could even come in March or April.However, given the current state of the Japanese economy, which has fallen into recession, a potential normalization of monetary policy will not imply any significant rate movement or trend. The BoJ governor is therefore unlikely to change his policy in the short term, regardless of the monthly trend in inflation, which is once again slipping below +2%, reviving deflation risks.

Trade Balance in JPY Billion



Exchange Rates (base 100)



 Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

China

- Do better PMIs herald a sustainable recovery?
- Will further support measures still be necessary?
- Stabilization of the yuan in the first half of 2024
- China's capital market remains attractive

Do better PMIs herald a sustainable recovery?

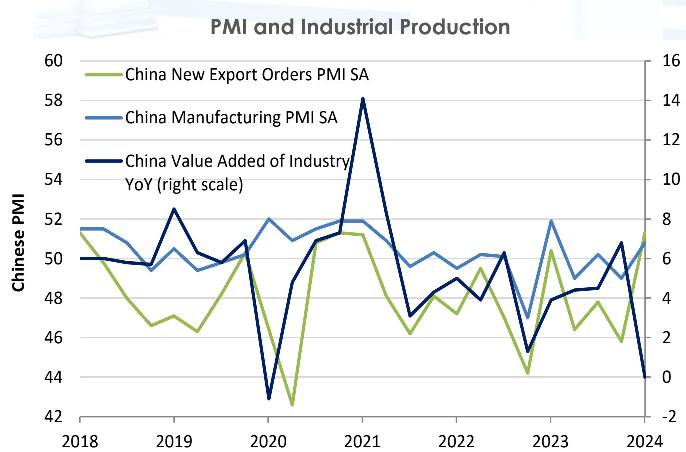
The recent release of leading PMI indicators seems to confirm a recovery in activity at the end of the quarter. The manufacturing PMI rose from 49.1 to 50.8 on the back of better results in terms of production, demand and new orders, reinforcing the perception of a sustained recovery. Above all, however, it was the non-manufacturing PMI that provided even stronger support for estimates of an economic recovery in China. The latter registered a clear rise in expansionary territory from 51.4 to 53, thanks in particular to more sustained activity in construction, suggesting that government fiscal stimulus has had a positive effect. In services, the pace of expansion is also a little more intense, but concerns remain regarding household consumption.

To date, year-on-year industrial production has continued its recent upward trend, rising to +7%, well above the consensus estimate of +5.2% for February. GDP growth estimates for Q1 2024 now stand at around +1.3%, while the consensus remains stable, forecasting a similar rise of +1.2% in Q2. Over the full year, Chinese GDP is expected to grow by +4.6%. On an annualized basis, growth to the end of June 2024 should reach +5%, declining in the second half of the year. Retail sales remain little stimulated by government measures for the time being, with February's +5.5% growth lagging behind previous measures at the end of 2023, suggesting continued consumer caution in an environment characterized by a rise in unemployment from 5.1% to 5.3%. On the foreign trade front, the situation is much better, if we are to believe that exports are once again up by +10.3% year-on-year, after declining in the period from May to October 2023. Imports are also picking up logically (+6.7%), enabling the balance of trade to grow strongly since the start of the year and exceed forecasts. The trade surplus with the USA stood at $47 bn at the end of February, with the EU at $39 bn and with India at $15 bn. Unsurprisingly, the local trade deficit is concentrated in Australia (-$15 billion).

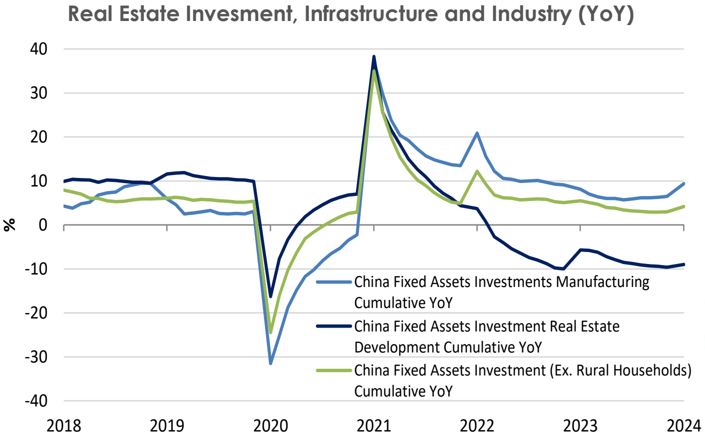
In the real estate sector, the situation remains gloomy, with property sales still down -32.9%, investment down -9% and prices continuing to decline. The real estate slump continues to affect households' financial situation and ability to consume. With most real estate indicators still showing no signs of turning around, any improvement in China's economic situation seems dependent on a recovery in external demand. In view of our expectations for the coming quarters, a potential upturn in growth in the USA and Europe in particular could have a positive impact on China's economic momentum.

Will further support measures be necessary?

With the upturn in industrial production and exports, China seems to be gaining some traction, so there may well be reason to question the need for further significant measures to support economic activity. Policymakers may well be tempted to give themselves a little more time to decide whether they need to strengthen their arsenal of measures to support the economy. The Chinese authorities have certainly realized that it is above all the real estate problem that needs to be resolved if domestic activity is to be revived. They will certainly have to step up their support for the construction sector if housing demand and investment are to be stabilized. Some effects of previous government measures are visible, however: public investment in major projects has increased and stimulated production, and private investment is finally showing signs of recovery. But the recovery still seems fragile to us, and will require further supportive measures. The increase in the budget deficit to 6.6% of GDP and new bond issues will be accompanied by an accommodating monetary policy for several quarters.



Graph sources: BearBull Group | Bloomberg



Stabilization of the yuan in the first half of 2024

The People's Bank of China is expected to further lower the interest rate on medium-term loans and its reserve requirement ratio (RRR) for banks. Monetary policy should therefore be even more clearly flexible, and should also support an increase in liquidity and money supply. However, the recent evolution of the Chinese currency poses a problem for the implementation of an ever more expansionary policy to boost growth. The accumulated pressure on the yuan has led to further weakness in the currency, which is gradually returning to its lowest level against the dollar, at 7.3 yuan to the US dollar.

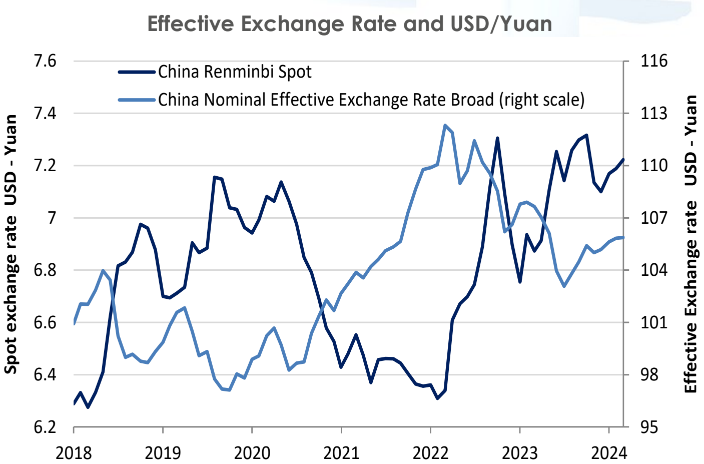
Chinese monetary policy had remained extremely accommodative during the monetary tightening phase in the USA, Europe and the UK, leading to sharp increases in yield spreads. The PBoC certainly expects that the reversal of monetary cycles in these countries, scheduled for June, will begin to reduce these differentials and help stabilize the exchange rate. In our view, this stabilization now seems more likely a few months ahead of the expected pivot by the Fed, ECB and BoE.

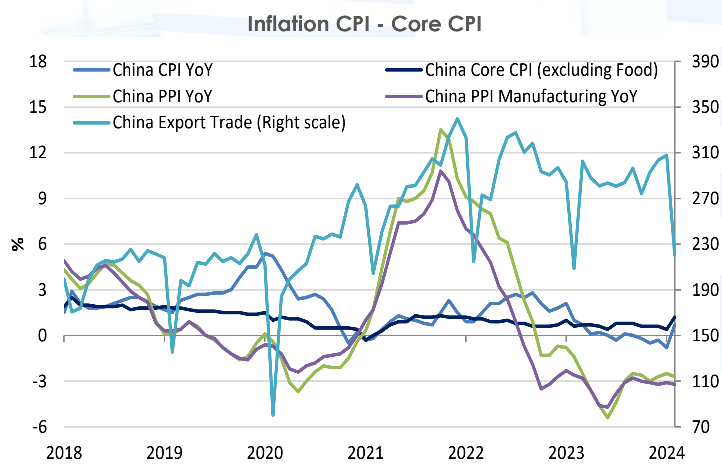
The easing of monetary conditions envisaged in these regions for June will have an initial positive effect on the exchange rates of the currencies concerned against the yuan. The steady depreciation of the Chinese currency is coming to an end, we now envisage an initial stabilization of a few months, followed by a phase of moderate appreciation as Western monetary policies ease.

China's capital market remains attractive

Despite a high GDP growth rate by international comparison, the Chinese economy entered deflation in 2023, in a cycle opposite to the general trend observed in industrialized countries. Inflation measured by consumer prices in China had been on a clear downward trend since its peak in September 2022 (+2.8%), but since June, the index has moved into negative territory and then recorded a steady decline until January 2024. As for producer prices, the trend was earlier and more intense, since the deflation that had set in as early as September of the previous year, has continued to this day.

The measures taken by the PBoC to bolster economic momentum and counter deflation appear to have begun to bear fruit in February on consumer prices, as indicated by the rebound in the CPI index to +0.7% year-on-year. During this period, the PBoC reduced its required reserve ratio for the bank from 10.7% to 10% and cut its benchmark key rate. Against this backdrop, ten-year government yields have fallen from 2.8% in early 2023 to 2.29% today, and twelve-month yields from 2.2% to 1.7% respectively. Current real yields are theoretically still slightly attractive, but an exit from deflation in China, which would bring inflation back to around +1%, would significantly reduce real rates. Given the expansionary policy that the PBoC is likely to continue to pursue in 2024, the low point for yields has probably not yet been reached in the capital market. Prospects for capital gains remain, albeit reduced, and may even be accompanied by currency gains.





Graph sources: BearBull Group | Bloomberg

MACROECONOMIC SCENARIO

United Arab Emirates

- Real GDP forecasts have been revised downwards to 3.1% in 2023 and are expected to rebound to 5.7% in 2024.
- UAE PMI at 56.9 in March, indicating strong improvement in business conditions
- UAE inflation expected to rise to 2.5
- Dubai's real estate market showed robust growth in 2023 and is expected to maintain the trend in 2024
- UAE financial markets experienced mixed performance in the first quarter of 2024

Real GDP forecasts have been revised downwards to 3.1% in 2023 and are expected to rebound to 5.7% in 2024.

In Q3 2023, the UAE economy expanded by a modest 2.5% year-on-year, a notable slowdown from the strong 8.3% growth seen in the same period in 2022, and below the 3.8% recorded in Q2 2023. This decline can be attributed to a deceleration in non-oil growth, which accounts for almost 75% of GDP, coupled with further cuts in oil production.

The Central Bank (BCUAE) has maintained its GDP growth estimates for 2023 at 3.1%, largely influenced by the extension of oil production cuts to the end of 2023. However, for 2024, the BCUAE forecasts a rebound in real output growth to 4.2%, marking a downward revision from the previous projected 5.7%. This revision stems from a slower-than-expected recovery in oil production following the OPEC+ agreement in November 2023, alongside robust but declining growth in the non-oil sector.

An increase in growth to 5.2% is forecast for 2025, driven by anticipated trends in the persistent non-oil sector and oil production maintaining 2024 levels. However, forecasts for 2024 and 2025 are subject to considerable uncertainty. Downside risks include escalating geopolitical tensions (such as disruptions in the Red Sea and conflicts in Gaza and between Russia and Ukraine), a global economic slowdown triggered by prolonged higher interest rates, and the possibility of further oil production cuts agreed by OPEC+. Conversely, there are upside risks to growth, including the successful implementation of reforms and lower interest rates in advanced economies, which could stimulate external demand and encourage capital flows.

UAE PMI at 56.9 in March, indicating strong improvement in business conditions

The latest PMI survey data from S&P Global reveals that business conditions in the UAE's non-oil private sector strengthened markedly in March. This growth was driven by a strong increase in new order flows, leading to sustained rises in production levels. However, companies faced significant pressure on workloads due to administrative delays and supply constraints arising from the Red Sea shipping crisis. As a result, backlogs accumulated at the fastest rate in the survey's history, which is approaching 15 years.

Despite these challenges, business optimism reached its highest level in six months, and companies experienced a less pronounced increase in spending. However, margins were negatively impacted, as increased competition led to the sharpest drop in production prices in three and a half years. The seasonally adjusted UAE Purchasing Managers' Index (PMI) stood at 56.9 in March, down slightly from 57.1 in February, but still indicating a robust improvement in non-oil operating conditions.

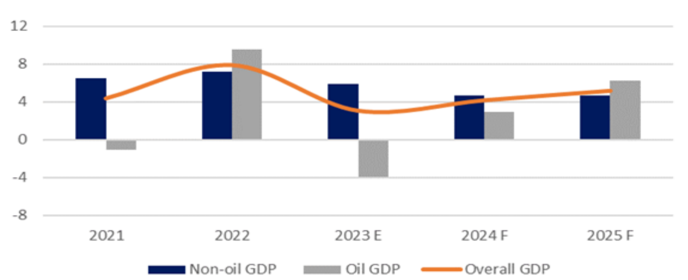
As the first quarter drew to a close, the outlook for the UAE's non-oil private sector remained upbeat. The March PMI index of 56.9 indicated a strong improvement in business conditions, with both order flows and activity levels continuing to grow strongly. While the sharp increase in backlogs raises concerns about the health of businesses, it also suggests pent-up demand that could support further growth in activity once these issues are resolved.

UAE inflation expected to rise to 2.5

In 2024, the BCUAE forecasts inflation to rise to 2.5%, well below the world average. This increase is driven by higher commodity prices, as well as the anticipated depreciation of the US dollar. However, inflationary pressures from domestic demand should remain contained due to factors such as a slowdown in migration flows and a deceleration in non-oil production. For 2025, inflation is projected to remain stable at 2.5%.

In Q4 2023, CPI inflation saw a quarterly rise, mainly attributed to increases in transport prices, but remained well below the global average. CPI inflation averaged 1.9% year-on-year in Q4 2023, compared with 0.5% in Q3 2023. Inflation in non-tradable goods and services rose to 2.2% year-on-year in Q4 2023, compared with 0.7% in Q3 2023.

Real GDP Growth in the UAE (%)



Source: Emirates NBD Research, S&P Global, BearBull Global Investment Group

UAE PMI & subcomponents

Source: Emirates NBD Research, S&P Global, BearBull Global Investment Group

Dubai's real estate market showed robust growth in 2023 and is expected to maintain the trend in 2024

According to CBRE's latest report, residential sales in Dubai continue to show robust price growth, with average prices rising by 20.1% during 2023. During this period, average apartment prices rose by 19.8%, while average villa prices saw a more significant increase of 21.8%. By December 2023, average apartment prices had reached AED 1,399 per square foot, and average villa prices had reached AED 1,686 per square foot.

Despite these impressive gains, average apartment sales rates remain 5.9% below the highest levels seen at the end of 2014. In contrast, average villa sales rates are currently 16.7% above their 2014 levels. Throughout 2023, the rental market experienced a moderate rate of growth despite sustained demand. Average residential rents in Dubai rose by 18.9% in the year to December 2023, slightly down on the 19.2% growth seen in November 2023. Over the same period, average rents for apartments rose by 19.3%, while average rents for villas increased by 16.1%.

Looking ahead, price growth in the apartment and villa segments of the market should remain robust, although we anticipate a gradual slowdown in the rate of growth. In the rental market, boosted by current market dynamics, including limited supply and high demand, residential rents in Dubai should continue their upward trend. However, we expect the rate of growth to moderate.

Although activity in Dubai's office market remained robust by historical standards, there was a slowdown in demand in the last quarter of the year. Demand was diverse, coming from a variety of sectors. Notably, the pharmaceutical and financial services sectors, particularly hedge funds and asset management companies, were important sources of demand.

According to data from the Dubai Land Department, in Q4 2023, the average occupancy rate in the Dubai office market rose from 88.1% in Q4 2022 to 92.6% in Q4 2023, driving rental growth. Average rents in the Prime, Grade A, Grade B and Grade C segments rose by 8.0%, 13.3%, 18.2% and 20.3% respectively in the year to Q4 2023. In Q4 2023, average asking rents for Prime, Grade A, Grade B and Grade C spaces were AED 250, AED 182, AED 150 and AED 126 respectively. With limited supply available and a large proportion of upcoming developments already pre-let, rental growth should remain robust. High-quality assets should outperform the market in the period ahead.

UAE financial markets experienced mixed performance in the first quarter of 2024

In March 2024, the FTSE ADX index edged down 0.3%, continuing its downward trajectory for the year and closing at 9,228.09 points. This decline exacerbated the year-to-date performance, which reached -3.7%, ranking it as the GCC's second biggest decliner, alongside Qatar. Among the ten sector indices on the ADX, March saw a balanced performance, with five indices down and the other five up.

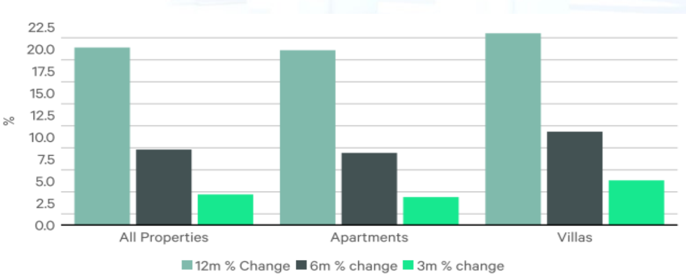
The Consumer Discretionary index recorded the biggest drop, falling 3.0% to end the month at 6,645.6 points. This drop was mainly attributed to the fall in share prices of Abu Dhabi National Hotels Company, which fell by 3.3% over the month. Following closely behind, the industries index recorded the second biggest monthly drop, with a fall of 1.9%, closing at 2,911.7 points. By contrast, the consumer staples index recorded a substantial rise of 10.8%, marking the biggest gain among stock market indices. Similarly, the basic materials index recorded a notable rise of 6.5% over the same period. The 12.2% increase in the value of Agthia Group shares was the main driver of growth in the Consumer Staples index over the month.

In March 2024, the general DFM index fell by a notable 1.5%, marking its first decline after four consecutive months of growth, and concluding the month at 4,246.3 points. On the monthly sector performance chart, a balanced picture emerged, with four of the eight sectors recording declines, while the other four made gains during the period. However, the decline in the financial sector (-5.2%), which holds a significant weight in the stock market, weighed heavily on the overall index, pushing it into negative territory. This decline was mainly fuelled by significant double-digit falls in the share prices of the main constituent companies, notably Mashreq Bank (-14.6%).

The consumer staples sector recorded the second biggest drop among the sector indices, with a decline of 1.4%, closely followed by the communication services index, which fell by 1.2%.

In contrast, the real estate index rose by a remarkable 4.0% in March 2024, marking the biggest gain among the indices, and closing the month at 8,034.1 points. This impressive monthly growth was mainly attributed to the double-digit expansion of two major constituent companies, namely Deyaar Development (+11.5%) and Union Properties (+20.3%).

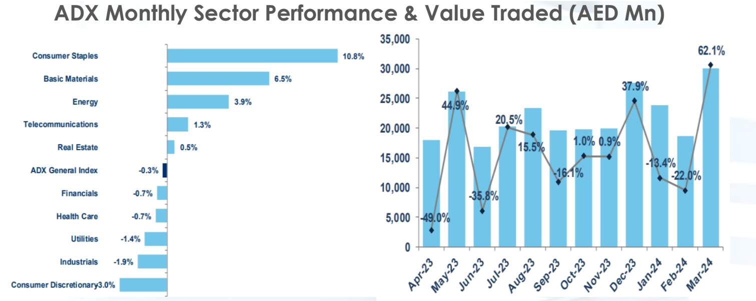
Dubai, Residential price performance, % change



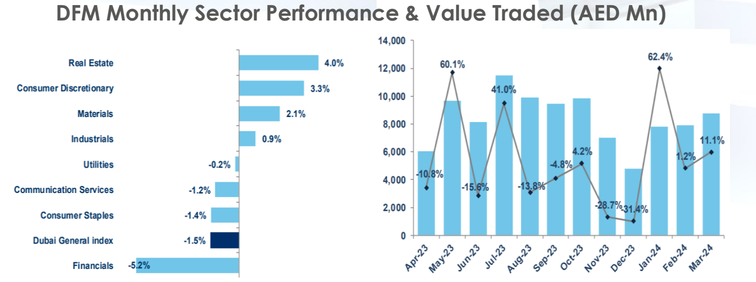
Dubai, Office rents, year-on-year % change

Source: Dubai Land Department, BearBull Global Investments Group

ADX Monthly Sector Performance & Value Traded (AED Mn)



DFM Monthly Sector Performance & Value Traded (AED Mn)



Source: DFM, Kamco Invest Research, BearBull Global Investment Group

MACROECONOMIC SCENARIO

Emerging Market

- Slower growth in emerging countries
- Clear improvement on the inflation front
- Rate hike cycle over

The global environment remains volatile, with uncertainties surrounding the start of monetary policy easing in the major economies and the speed at which inflation will decline on a sustainable basis. The central banks of the major economies remain determined to bring inflation back in line with their targets, in a context characterized by tensions on the labor market.

Brazil - The publication of GDP for the fourth quarter of 2023 (+0%) highlights a decline in household consumption growth compared with previous quarters. Despite restrictive monetary conditions, the Monetary Policy Committee stresses that the monetary easing cycle is already being transmitted to the credit market. There are signs of an increase in the granting of credit and a reduction in current interest rates on new transactions, also aided by a growing appetite on the part of financial institutions to offer credit. Since the previous meeting, the capital market has also shown greater dynamism. The labor market, meanwhile, is buoyant, with an observed acceleration in wages and incomes.

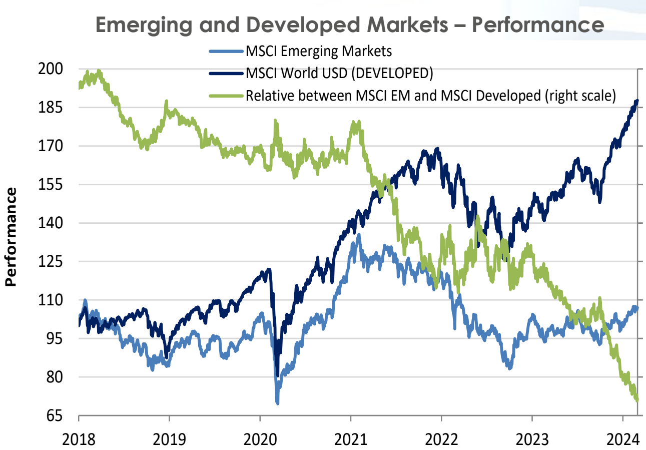
Disinflationary momentum has not deviated significantly from expectations, but the inflation scenario now looks more uncertain. On the one hand, short-term projections for food prices have slowed somewhat, reversing recent increases, while industrial prices continue to follow a relatively stable trajectory. On the other hand, the recurrence of inflationary surprises on services inflation and labor-intensive items raises doubts about the speed of the expected disinflation. A restrictive and cautious monetary policy therefore still seems appropriate to reinforce disinflationary momentum. Inflation expectations for 2024 and 2025 are around 3.8% and 3.5% respectively.

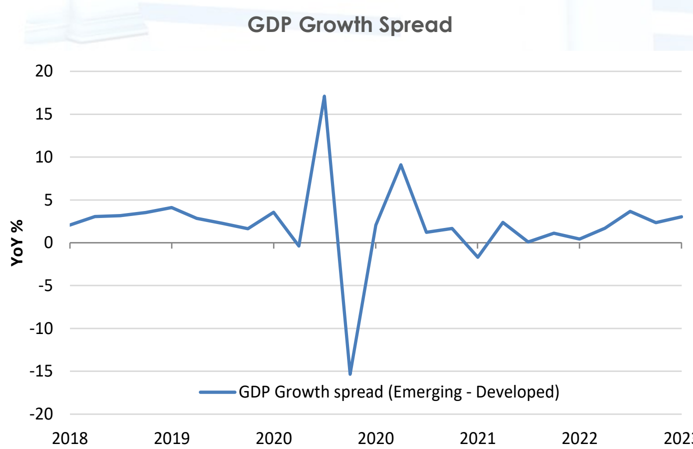
The Committee considers it necessary to maintain a still restrictive monetary policy in order to consolidate the convergence of inflation towards its target and the anchoring of expectations. Nevertheless, given the evolution of the disinflation process, all members agreed that it was appropriate to reduce the Selic rate by 0.50% to 10.75% in order to adjust the degree of prospective monetary tightening.

Russia — High-frequency indicators show that the Russian economy continues to grow rapidly in the first quarter of this year, following an increase of +4.9% over the full year 2023. Consumer activity remains high, with a significant increase in household incomes and positive consumer sentiment. Business investment demand remains high. Tensions on the labor market have increased further, with unemployment at a historically low level. Labour shortages are the main obstacle to expanding the production of goods and services. Overall, the Russian economy is still progressing at a pace well above that of a balanced growth trajectory.

Despite the tightening of monetary conditions, inflationary pressures remain high due to strong domestic demand, which continues to outstrip the capacity for expansion in the production of goods and services. Most of the underlying underlying measures of current price trends are in the 6-7% range on an annual basis. The consumer price index showed divergent trends in terms of its components, with a notable slowdown in goods price growth accompanied by an acceleration in services price growth. The Bank of Russia expects annual inflation to fall to between 4% and 4.5% in 2024, before stabilizing at around 4% thereafter.

In March, the Bank of Russia decided to maintain the key rate at 16.00% per annum. Current inflationary pressures are gradually easing, but still remain high. Thus, the return of inflation to target in 2024 and its subsequent stabilization at a level close to 4% imply the maintenance of tight monetary conditions in the economy for an extended period.





Graph sources: BearBull Group | Bloomberg

India — Indian economic activity remains resilient and should continue to be supported by buoyant investment demand, business optimism and rising consumer confidence. Gross domestic product surprised on the upside in 2023, growing by 8.4%, the highest since Q2 2022, supported by strong investment activity and manufacturing in particular. By contrast, the agricultural sector contracted by 0.8% due to unfavorable weather conditions and the El Nino effect.

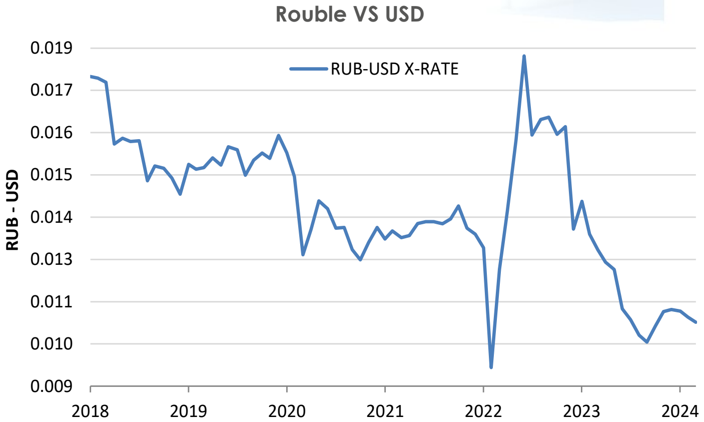
On the inflation front, significant and repeated shocks to food prices have interrupted the pace of disinflation. Geopolitical events and their impact on supply chains, as well as the volatility of international financial markets and commodity prices, are the main sources of upward risk for inflation. The cumulative effect of policy rate rises has yet to be fully felt in the economy. For the months ahead, the inflation trajectory is likely to be determined by the evolving outlook for food inflation. The Rabi sowing season has surpassed last year's level, while the usual seasonal correction in vegetable prices continues, albeit unevenly. Unfavorable weather events represent the upside risks to food prices, while effective supply-side responses could help keep prices in check. The continued impact of equities and monetary policy stance is keeping core inflation at a moderate level. Manufacturing companies are forecasting a certain slowdown in the growth of input costs and selling prices, while service and infrastructure companies anticipate greater pressure on input costs and growth in selling prices. Assuming a normal monsoon, inflation should continue to decline to 4.5% in 2024.

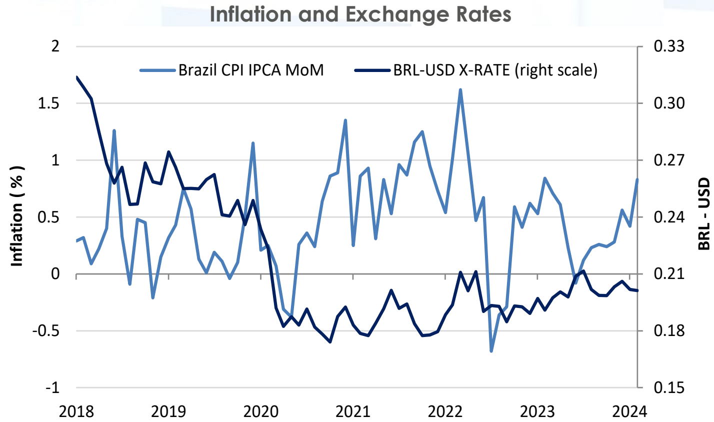
As disinflation needs to continue in order to get closer to its target, the Monetary Policy Committee has decided to keep the key rate unchanged at 6.50%. Monetary policy must continue to be actively disinflationary to ensure that inflation expectations remain anchored. The Committee will continue to focus on withdrawing easing measures to bring inflation progressively in line with the target, while supporting growth.

South Africa — En In South Africa, economic performance was weaker than expected in the fourth quarter of 2023, with growth of just 0.1% compared with annual growth of 0.6%. This weak growth was mainly due to supply problems caused by more extensive power cuts than in previous years. Port and rail problems also appeared to be major constraints on production. Growth is expected to resume as supply constraints ease, particularly power cuts. The estimated cost of power cuts to GDP in 2023 is 1.5%, but this should fall significantly by 2024. Overall, growth is expected to be around 1.2% this year, and to pick up towards its long-term average of 2% thereafter.

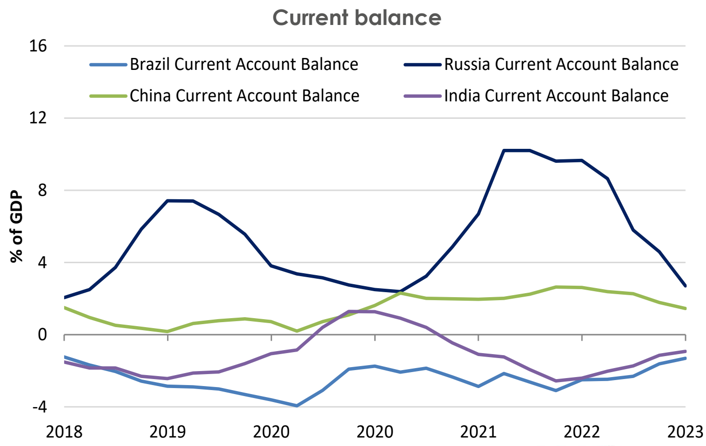
South Africa has seen a more gradual acceleration in inflation than many countries, with a lower peak, but the return to target is struggling to materialize. The most recent inflation figures show a further delay in the return to the 4.5% target, rising again to 5.6% in February after having reached 4.7% in July 2023. This rise in inflation is due to an acceleration in services, driven by the medical aid component, now at its highest level since 2019. The country thus joins the global trend whereby services, rather than goods, are becoming the major source of inflation. Given the inflationary pressures, inflation is unlikely to return to its 4.5% target before the end of 2025, later than initially forecast, and postponing the expected normalization of the policy rate.

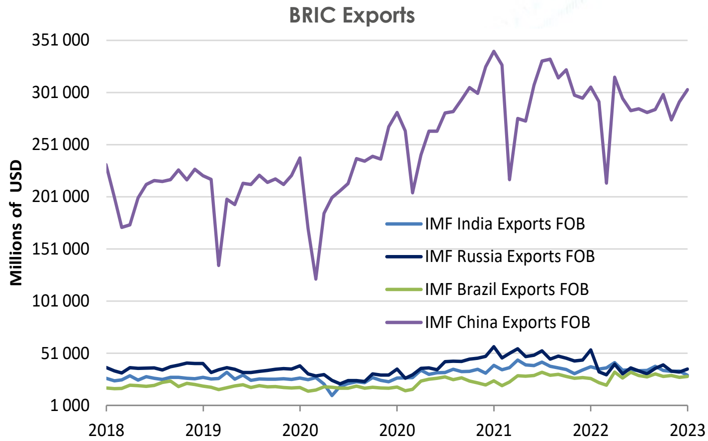
Against a backdrop of rising inflationary risks, the Monetary Policy Committee has decided to keep the key rate unchanged at 8.25%, thus maintaining the restrictive policy necessary to meet high inflation expectations.

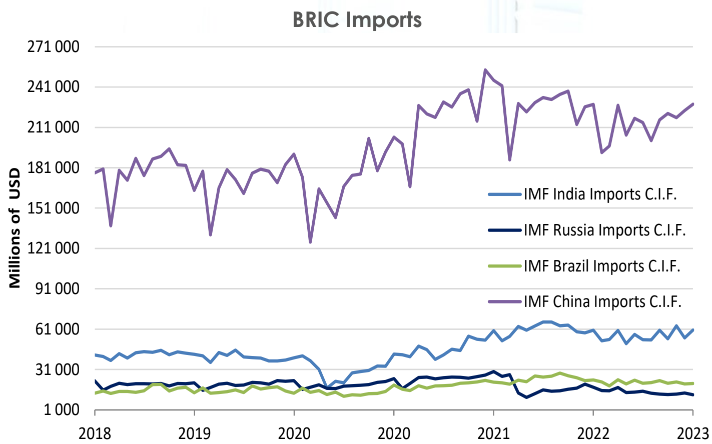




 Graph sources: BearBull Group | Bloomberg







Mexico — The Bank of Mexico lowered its benchmark interest rate by 25 basis points to 11.00%, marking the first rate cut after seven consecutive pauses. Economic activity in the first quarter of 2024 is expected to pick up, supported by a robust labor market. Despite a temporary rise in inflation in late 2023 and early 2024, inflation eased to 4.40% in February, mainly due to the reversal of non-core components, while core inflation continued its downward trend. Despite this, inflation is still expected to be above the long-term target, which is prompting the central bank to maintain a restrictive monetary policy.

South Korea — The Bank of Korea kept its interest rate unchanged at 3.5%, keeping it unchanged for the ninth consecutive meeting after seven rate hikes totaling 300 basis points between April 2022 and January 2023. While the trend of slowing inflation continues, policymakers are aware of the persistence of high household indebtedness and the collapse of the housing market. Growth forecasts for 2024 remain unchanged at 2.1%, with rising exports, a slow recovery in consumption and sluggish construction investment. Inflation (3.1%) is expected to return to below 3% in the coming months.

Indonesia — Bank Indonesia kept its key interest rate unchanged at 6% for the fifth time in succession to ensure that inflation remains within the 2.5 ±1% target this year, while supporting economic growth and reinforcing the stability of the rupiah. Bank Indonesia Governor, Perry Warjiyo, reiterated that interest rates could fall in the second half of this year, with inflation remaining within target. Growth forecasts for 2024 range from 4.7% to 5.5%, driven mainly by household consumption and investment.

Turkey — In March, the Central Bank of Turkey unexpectedly raised its benchmark interest rate by 500 basis points to 50%, in response to higher-than-expected inflation in February, with high growth in services prices contributing to a deteriorating trend and justifying a central bank response. Inflation was recorded at almost 70% in March, the highest rate for 15 months. The decision is also consistent with the sharp depreciation of the Turkish lira, which is sinking to an all-time low. Inflationary pressures are likely to persist before the disinflationary trend begins in the second half of the year.

Poland — The National Bank of Poland held its benchmark rate steady for the sixth consecutive meeting at 5.75%, maintaining a cautious approach in the face of an uncertain inflation trajectory. Inflation slowed sharply to 1.9% in March, within the target range of 1.5%-3.5% after peaking at 18.4% in February 2023. However, the risks of rising price pressures in the second half of the year persist since the pro-EU ruling coalition reinstated VAT on basic foodstuffs from 0% to 5% from April 1, lifting a temporary measure introduced in February 2022. This increase could accelerate inflation by almost 1%. In other news, the government has yet to decide whether to freeze household energy prices, which remain frozen until the end of June.

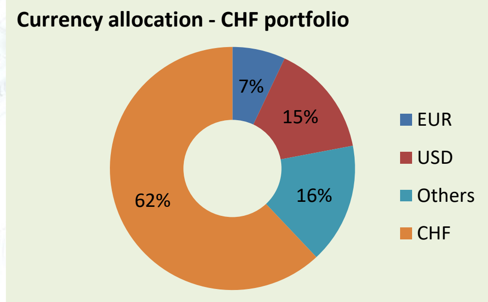
Taiwan — The Central Bank of Taiwan surprisingly raised its benchmark rate by 12.5 basis points to 2%, a significant adjustment compared with the rate in force since March 2023. The rise in the benchmark rate was mainly influenced by persistent inflationary pressures, with Taiwanese inflation reaching its highest level in a year at 3.08% in February, compared with 1.8% the previous month. At the same time, the Central Bank forecasts a growth rate of 3.22% in 2024, a substantial improvement on the 1.31% recorded in 2023, due mainly to the integration of cutting-edge technologies such as artificial intelligence and supercomputing.

PROSPECTS AND STRATEGIES

PROSPECTS AND STRATEGIES

Currencies

- Lower exchange rate volatility in Q2
- The dollar remains a winning currency
- Weak franc now likely
- Inflation and interest rate spreads more favorable to the euro
- Stabilization of the yuan in in the first half of 2024



Tactical allocation

- Underweight the Swiss franc
- Favor USD, AUD and CAD
- Overweight the euro
- Avoid the yen

LIQUIDITY/ CURRENCY	Expected Return		ALLOCATION (CHF Portfolio)						
			underweight			neutral	overweight		
	3months	1year	---	--	-	=	+	++	+++
EUR vs CHF	↗	↗							
USD vs CHF	↗	↗							
GBP vs CHF	↗	↗							
JPY vs CHF	↗	↗							
EUR vs USD	→	→							
USD vs JPY	→	→							
GBP vs USD	→	→							

Lower exchange rate volatility in Q2

The first quarter was again marked by sometimes significant exchange rate fluctuations between various currencies. The Swiss franc was particularly affected by the change in investor perception linked to the SNB's decision to change the course of its monetary policy. After appreciating sharply in 2023, the franc has finally weakened significantly in recent months, losing almost 7% against the dollar and 4% against the euro. In Asia, fluctuations in the yen have also been significant, with the Japanese currency losing back in three months the gains made between November and December 2023 against the dollar (-8%). Overall, the trade-weighted dollar benefited from the postponement of the Fed's pivot date, regaining +4% against a basket of currencies after having slipped by around -6% in the previous quarter. We believe that exchange rates could be a little less volatile over the next few months, due in particular to the convergence of monetary policies that should be taking place in industrialized countries by the end of Q2. Yield differentials should not be disrupted in this context, which will be characterized by more flexible monetary policies and similar, simultaneous key rate cuts. On the inflation front, this factor will also become less important as price indices converge ever closer to central bank targets, resulting in increasingly narrow spreads between countries. Finally, GDP growth differentials could still influence demand for certain currencies such as the dollar, but these differentials are also set to narrow. The coming months will undoubtedly see a reduction in exchange rate volatility and fluctuations.

The dollar remains a winning currency

The trade-weigthed dollar's correlation with long-term interest rates has remained relatively high over the past six months. The expectation that the U.S. monetary tightening cycle will soon come to an end has obviously not been a positive factor, but the recent rebound in rates has supported its appreciation. The convergence of monetary policy changes in Europe and the USA, together with a simultaneous decline in inflation, will certainly reduce exchange rate volatility in 2024. Yield differentials could remain relatively stable between the main currencies, while inflation differentials are more likely to contract. Against this backdrop, the growth differential could be enough to boost investor interest in investment opportunities and in US assets. This trend will sustain strong demand for dollars. A general appreciation of the dollar seems likely in 2024, particularly against the Swiss franc, which the Swiss National Bank has partly abandoned in its new monetary policy phase.

Weak franc is now likely

The franc's strength certainly peaked at the end of December 2023, with an appreciation of +4% against the euro and 7% against the dollar. The USD/CHF exchange rate ended the year virtually at its lowest level, approaching 0.8391, its 2015 low. At the end of the year, we were of the opinion that the SNB could now reduce its purchases of Swiss francs and let interest rate differentials act as the main vector for currency flows. In recent months, the SNB has indeed probably limited its interventions, as suggested by the higher level of its foreign exchange reserves. Since the beginning of the year, the yield spread between the Swiss Confederation's 10-year yield (0.7%) and the German Bund yield (2.26%) has widened again, to 156 bps. Nominal yield spreads with the US Treasury also widened slightly, to around 340 bps. Against this backdrop, we believe that franc weakness is now increasingly likely.

Inflation and interest rate spreads favorable to the euro

The evolution of inflation in the eurozone over the last six months is reshuffling the deck and changing the outlook for the exchange rate. The collapse in inflation in the eurozone was more rapid towards the end of 2023, allowing inflation rate differentials to contract more sharply. Against the Swiss franc, the inflation differential is now barely 1%, as low as it was before 2022, having reached a delta of 7%. At the same time, yields have not fallen as sharply, which means that the relative yield differential is now above the inflation differential. We believe that the euro, which had been particularly penalized in 2022 and 2023 by the opposite evolution of these parameters, can now rely on this new paradigm to enter a phase of appreciation against the Swiss franc. This environment should support an appreciation of the euro against the franc above parity.

Graph sources: BearBull Group | Bloomberg

Stable GBP/USD exchange rate

If anything, recent developments in monetary policy and interest rates have highlighted a fairly clear correlation in the strategies of the US and UK central banks, which is likely to continue over the coming months. Indeed, the restrictive monetary policies pursued by both institutions pushed short rates to similar levels before marking a pause in the summer of 2023, which has been maintained to this day. Inflation trends have been more rapidly favorable in the US, but the recent acceleration of price declines in the UK is now also strengthening the prospects for rate cuts in the country. In the context of a joint reduction in key rates, rate differentials between the dollar and the pound could remain similar as their respective central banks implement looser policies at around the same time, cutting rates by similar increments. The GBP/USD exchange rate should stabilize between 1.25 and 1.30. The situation is different for the pound/Swiss franc exchange rate, due in particular to the substantial differential that would persist even as British and Swiss rates fall. The franc's weakness will undoubtedly also be felt against sterling, which we expect to continue appreciating towards the 1.15 level.

No solution for the Japanese currency?

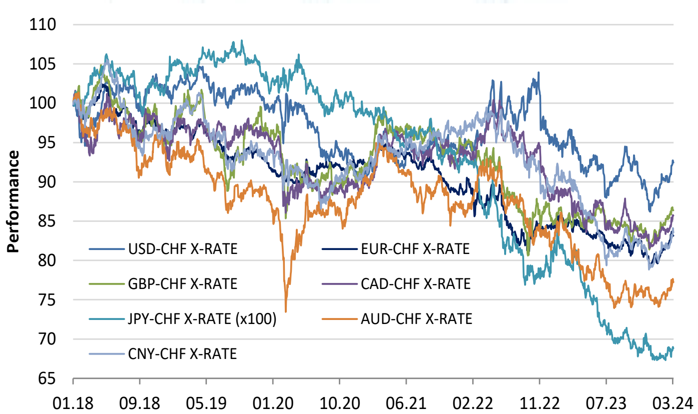
The yen's rebound against the dollar was short-lived during the fourth quarter of 2023. At the start of the year, positive inflation surprises and increasingly clear signs of an economic slowdown in progress, suggesting a recession, quickly weighed on the Japanese currency, which resumed its previous downward trend. The yen's further fall of -7% in the space of a few weeks may support Japanese exports, but for the time being it represents a new threat to imported inflation. In the short term, the yen seems to be increasingly affected by the interest-rate differential, which remains unfavourable to the Japanese currency against all the major currencies, but particularly against the dollar.

A few months ago, we said that any appreciation of the yen would certainly be short-lived, as yield spreads on various maturities would be high enough to keep Japanese investors interested in holding dollars. We believe that the yield differential will be the main factor determining the level of the exchange rate, and in the absence of an unlikely more restrictive BoJ policy, our outlook still favours yen weakness against the US dollar above 150 yen to the dollar.

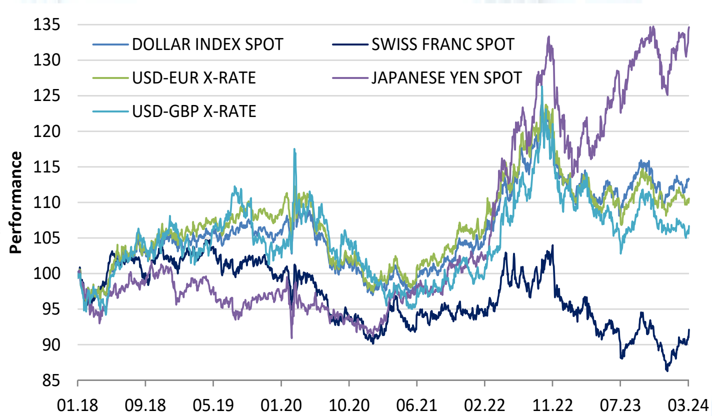
Stabilization of the yuan in the first half of 2024

The People's Bank of China is expected to further lower the interest rate on medium-term loans and its reserve requirement ratio (RRR) for banks. Monetary policy should therefore remain clearly more flexible, and also support an increase in liquidity and money supply. However, the recent evolution of the Chinese currency poses a problem for the implementation of an ever more expansionary policy to boost growth. Accumulated tensions on the yuan have triggered further weakness in the currency, which is gradually returning to its lowest level against the dollar at 7.3 yuan to the US dollar. Chinese monetary policy had remained extremely accommodative during the tightening phase in the USA, Europe and the UK, leading to sharp increases in yield differentials. The PBoC certainly expects that the reversal of monetary cycles in these countries, scheduled for June, will begin to reduce these differentials and help stabilize the exchange rate. In our view, this stabilization now seems more likely a few months ahead of the expected pivot by the Fed, ECB and BoE. The easing of monetary conditions envisaged in these regions for June will have an initial positive effect on the exchange rates of the currencies concerned against the yuan. The steady depreciation of the Chinese currency is coming to an end. We now envisage an initial stabilization of a few months, followed by a phase of moderate appreciation as Western monetary policies ease.

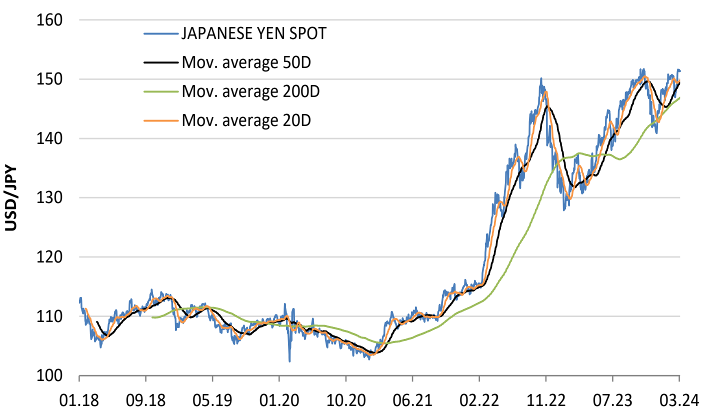
Evolution of the 7 Main Currencies against CHF (base 100)



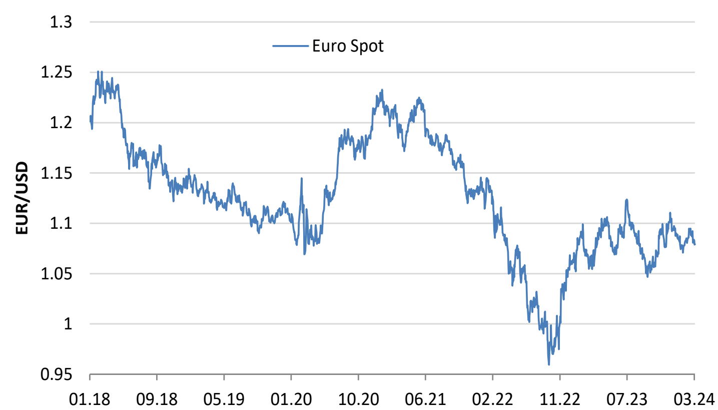
Dollar Trade-Weighted Index & Cross Rates (base 100)



Exchange Rate JPY/USD



Exchange Rate EUR/USD

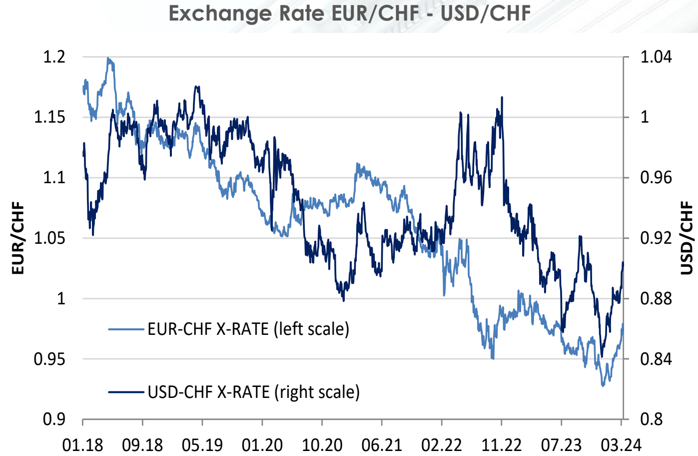


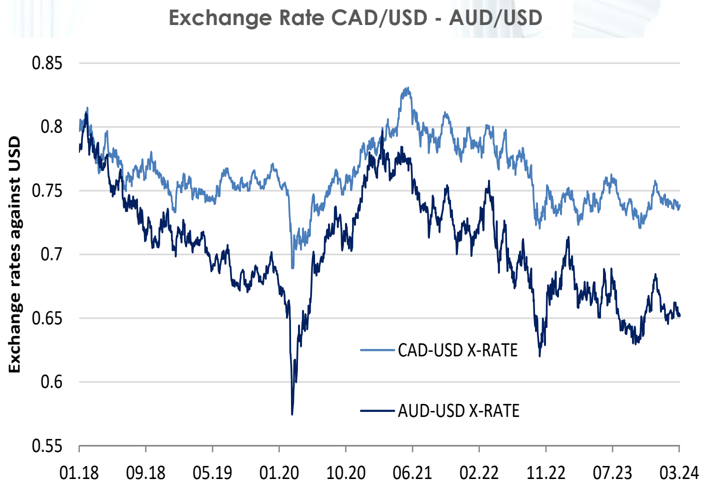
 Graph sources: BearBull Group | Bloomberg

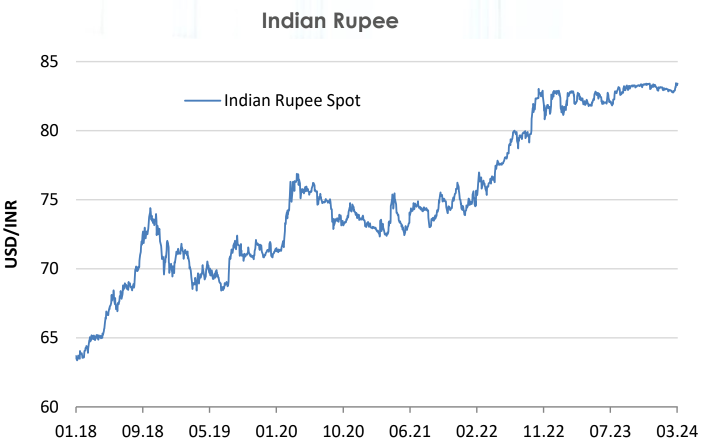
CURRENCIES

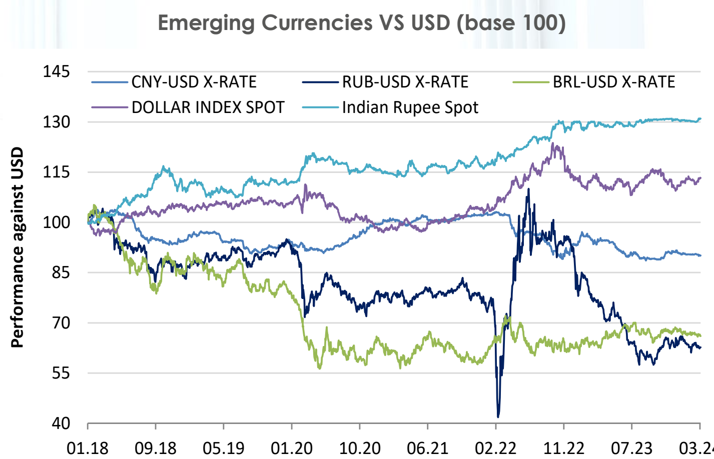
31.03.2024

Name	Last price	7 d %	1 m %	3 m %	6 m %	YTD %
AGAINST DOLLAR						
EUR-USD X-RATE	1.08	-0.17	-0.14	-2.26	2.05	-2.26
CHF-USD X-RATE	1.11	-0.44	-1.88	-6.66	1.55	-6.66
GBP-USD X-RATE	1.26	0.17	-0.02	-0.85	3.48	-0.85
JPY-USD X-RATE	0.01	0.03	-0.91	-6.81	-1.31	-6.81
CAD-USD X-RATE	0.74	0.49	0.29	-2.19	0.29	-2.19
AUD-USD X-RATE	0.65	0.09	0.37	-4.27	1.34	-4.27
RUB-USD X-RATE	0.01	-0.18	-1.28	-3.22	5.56	-3.22
CNY-USD X-RATE	0.14	0.09	-0.47	-1.69	1.05	-1.69
INR-USD X-RATE	0.01	0.03	-0.59	-0.23	-0.43	-0.23
BRL-USD X-RATE	0.20	-0.30	-0.89	-3.25	0.35	-3.25
AGAINST SWISS FRANC						
USD-CHF X-RATE	0.90	0.43	1.91	7.13	-1.52	7.13
EUR-CHF X-RATE	0.97	0.33	1.81	4.76	0.56	4.76
GBP-CHF X-RATE	1.14	0.59	1.85	6.14	1.85	6.14
JPY-CHF X-RATE (x100)	0.60	0.57	1.10	-0.12	-2.79	-0.12
CAD-CHF X-RATE	0.67	0.92	2.20	5.08	-1.30	5.08
AUD-CHF X-RATE	0.59	0.43	2.24	2.35	-0.22	2.35
RUB-CHF X-RATE	0.01	0.31	0.62	3.83	4.05	3.83
CNY-CHF X-RATE	0.13	0.81	1.62	5.48	-0.16	5.48
INR-CHF X-RATE	0.01	0.44	1.85	7.45	-1.86	7.45
BRL-CHF X-RATE	0.18	0.00	1.12	3.45	-1.10	3.45







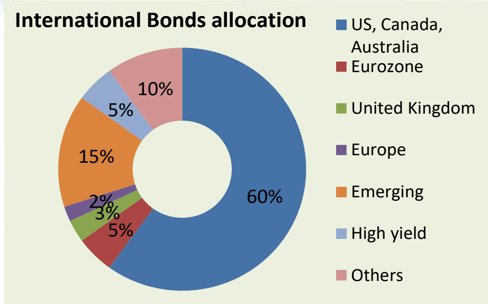


Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

International Bonds

- A difficult first quarter for capital markets
- Yield curves to flatten out by 2024
- Favorable environment for USD bonds
- Focus on dollar-linked markets and long maturities



BONDS (Areas/currency)	Expected Return		ALLOCATION (CHF Portfolio)						
			underweight			neutral	overweight		
	3months	1year	---	--	-	=	+	++	+++
Switzerland	→	→							
United States	↗	↗↗							
Eurozone	↗	↗							
UK	↗	↗							
Europe	↗	↗							
Japan	↗	↗							
Emerging	↗	↗↗							
Other (AUD, CAD, NOK...)	↗	↗↗							

Tactical allocation

- Underweight the euro zone
- Overweight US bonds
- Overweight corporate segments
- Increase exposure to emerging markets
- Extend average durations

A difficult first quarter for capital markets

International bonds were affected at the start of the quarter by the logical rebound in interest rates after an exceptionally positive Q4 2023. Over the course of the quarter, inflation and economic growth statistics tended to rekindle uncertainty regarding monetary policy developments at the main central banks. While the consensus was already expecting rate cuts in March, the temporary rebound in inflation and still solid employment figures called into question the prospects for rate cuts. Against this backdrop, most markets experienced upward interest rate readjustments instead, with the international bond index sliding a logical -2.08%.

Yield curves to flatten out by 2024

The current inversion of yield curves in both the USA and Europe is essentially due to the high level of key rates, and consequently of the short end of the yield curves. In a context characterized by the normalization of monetary policies as early as June 2024, it should be possible to lower the short end by at least 75 bps to 100 bps before the end of the year. In the case of the United States, a cut in key rates from 5.5% to 4.5% is conceivable by December. Given the current level of ten-year yields (4.3%), a cut in short rates to 4.5% would imply a flattening of the yield curve, entirely consistent with the expected economic situation and anticipated year-end inflation. The current inversion of the yield curve would then give way to the beginning of normalization. In the absence of any real risk of recession in the US, monetary policy can follow a very gradual path towards normalization. However, a fall in inflation to 2% and similar GDP growth should allow for lower interest rates. We therefore do not rule out the possibility that the downward adjustment of the dollar yield curve will only stabilize later, at a level that should be below 4%. Today, the yield premium calculated with ten-year Treasury yields (4.3%) relative to inflation is still 100 bps. In Europe, German government ten-year yields are now at 2.4%, exactly in line with eurozone inflation. The yield premium is therefore zero in euros. Against this backdrop, the long end of euro yield curves is unlikely to require any major immediate adjustment. Consequently, the flattening of the yield curve will essentially be the result of short rate cuts. Assuming a key rate cut to 3.25%, the differential between short and long rates will remain at 100 bps, so the yield curve will remain inverted.Given the relative stagnation of growth, an inversion of the yield curve may still be justified in the eurozone in 2024. Falling inflation and the risk of recession are currently putting pressure on long yields, but these two factors have certainly already been taken into account. The inversion of the euro yield curve is unlikely to disappear before 2025. We should also see a persistent inversion of the yield curve in the UK, while the likelihood of further declines in long rates has also diminished. Overall, we believe that the prospects for lower yields and capital gains are still better in the United States.

Favorable environment for USD bonds

A few months ago, we announced our outlook for inflation and the factors determining interest rates, which were to completely reverse the upward trend that had developed up to October 2023. In fact, the predicted trend reversal occurred very quickly at various points on the yield curve, particularly on the long end. Ten-year Treasury yields fell rapidly from 5% to 3.8% at the end of the year, in a context that was probably too optimistic for the expected evolution of monetary policy. The readjustment, which took shape in the 1st quarter with yields rebounding to 4.3%, was essentially underpinned by the postponement by a few weeks of the Fed's first rate cut, now expected in June.

BOND INDICES (local currency)

31.03.2024 — Total Return Performance

	Name	Last price	Curr.	7 d%	1 m %	3 m %	6 m %	YTD %
SWISS BONDS	SBI AAA-BBB	132.1	CHF	0.0	0.7	0.5	4.1	0.5
UE BONDS	Barclays EuroAgg	236.7	EUR	0.1	1.1	-0.3	6.2	-0.3
UE BONDS - SHORT DURATION	ISHARES EURO GOV BND 1-3	140.0	EUR	0.0	0.3	-0.1	2.3	-0.1
US BONDS	Barclays US Agg Total Return Value Unhedged USD	2145.2	USD	0.2	0.9	-0.8	6.0	-0.8
US BONDS - SHORT DURATION	BGF-USD ST DURATN BOND-USDA1	8.0	USD	0.2	0.4	0.6	3.5	0.6
EMERGING BONDS	JPMorgan Emerging Markets Bond	579.6	USD	0.1	2.1	1.8	11.7	1.8
INTERNATIONAL BONDS (DIVERSIFIED) - USD	Global Aggregate	461.6	USD	0.2	0.6	-2.1	5.8	-2.1
INTERNATIONAL BONDS (DIVERSIFIED) - EUR	Euro-Aggregate	236.7	EUR	0.1	1.1	-0.3	6.2	-0.3
INTERNATIONAL BONDS (DIVERSIFIED) - CHF	Barclays Global Agg Corporate	139.8	CHF	0.5	3.5	6.2	6.3	6.2
HIGH YIELD BONDS	Markit iBxx Gbl Dev Lq HY USD	168.5	USD	0.0	0.5	-0.4	8.4	-0.4
HIGH YIELD BONDS - SHORT DURATION	AB SHORT DURATION HI YD-AT	13.5	USD	0.1	1.0	1.4	7.0	1.4

1) Short & Medium-term (1-5 years)
2) Emerging Bonds (Corporate)
3) Emerging Bonds - Eastern Europe

The loss of momentum in the decline of inflation was logically a determining factor in this rate hike, which we consider temporary. Indeed, having been over-optimistic about the Fed's pivot date, we feel that today's expectations are certainly a little too conventional. As a result, the next quarter should be more positive for bond markets. We are once again anticipating a phase of declining yields, which could push 10-year yields towards the 3.5% level. We therefore expect a new phase of 50 to 70 bps decline in long yields. As a result, new opportunities have arisen in corporate investment-grade bond segments offering both attractive yields and prospects of capital appreciation, as well as in other segments such as high yield.

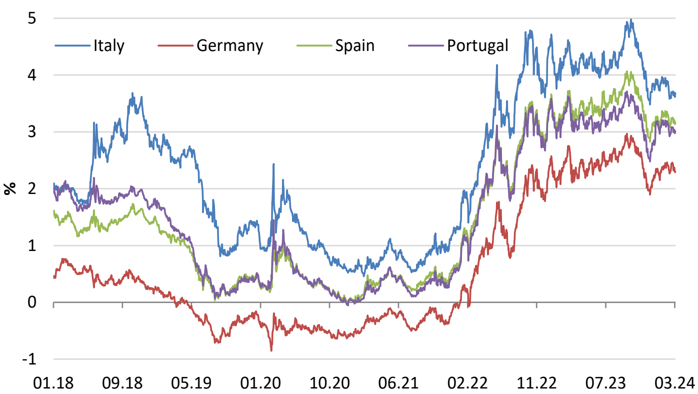
Positive outlook for European bond markets

The faster-than-expected fall in European inflation at the end of 2023 quickly had a major impact on investors' expectations for key rates and market rates in 2024. As far as key rates were concerned, the consensus view was that the ECB would rapidly adjust rates downwards in the course of Q1 2024, by around 75 bps. This seemed to us to be a particularly aggressive expectation, even considering that inflation would continue to fall at a sustained pace, and that there might be a marked recession during the winter. Our outlook did not envisage such developments, either on the economic front or on the monetary policy front. Our expectations of an economic slowdown still point to a slowdown in activity and stagnant growth, rather than a sharp recession. Inflation continued to fall in Q1, albeit at a slower pace. Against this backdrop, expectations for rates at the end of March and the end of June rose from 3.7% to 3.9%, while ten-year German Bund yields also climbed from 1.9% to 2.35%. After falling 110 bps, rates have now stabilized 40 bps higher. This adjustment, which has also taken place in many other market segments, seems to us once again to offer repositioning opportunities for investors in search of yield and potential capital gains. Indeed, Bund yields in particular may still adjust downwards and fall back below +2% in the coming months, particularly if inflation turns out to be below the ECB's annual target (+2.3%) in the future. Yields in France (2.8%), the Netherlands (2.65%), Italy (3.66%) or Spain (3.18%), for example, could benefit from a drop of around 50 bps, corresponding to an average capital gain of around +5%. The European bond market is once again attractive for diversifying bond allocations.

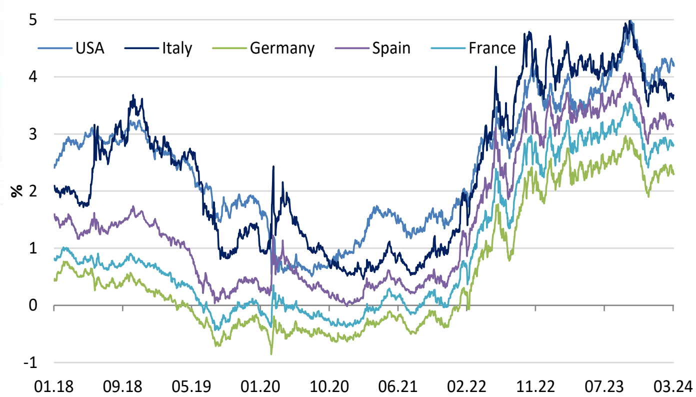
Attractive yields and capital gains prospects for sterling bonds

The increasingly visible economic slowdown, together with the more marked easing of inflation, now give reason to hope that interest rates will evolve somewhat differently from what was envisaged just a few months ago. In October, UK ten-year government yields once again reached the 4.7% threshold that had been touched in September 2022, July and August 2023. Since the downward acceleration in inflation in recent months and a string of more favorable economic statistics, including the technical recession in the 2nd half of the year, the assessment of the risks of monetary tightening and the perception of the appropriate level of long-term rates have changed significantly. After an initial reaction to the fall in long rates from 4.7% to just 3.4% at the end of December, the rebound in the first two months of the year to 4.2% has put the level of long rates back above annual inflation. In view of the above-mentioned developments in inflation and monetary policy, we expect the BoE to start lowering its key rates in May, and to pursue this policy to reduce rates from 5.25 to 4% by the end of 2024. The yield curve, currently inverted by almost 100 bps, should also fall on longer maturities, whose yields could slip back towards 3%, if expectations of falling global inflation prove correct. The outlook is normalizing for sterling bonds, which can now look forward to significant capital gains against this backdrop of falling ten-year yields of 100 bps.

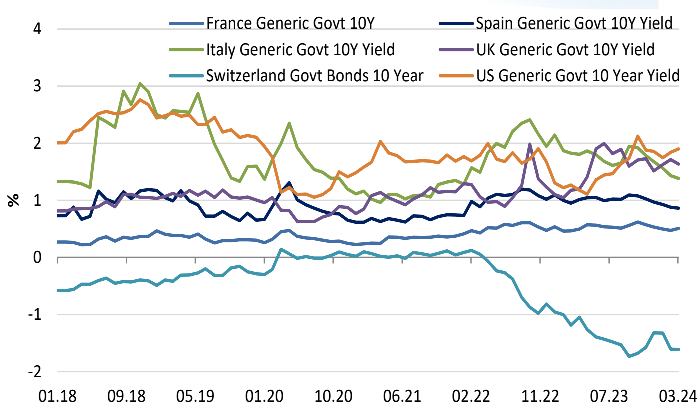
10 year Rate - Gvt Europe



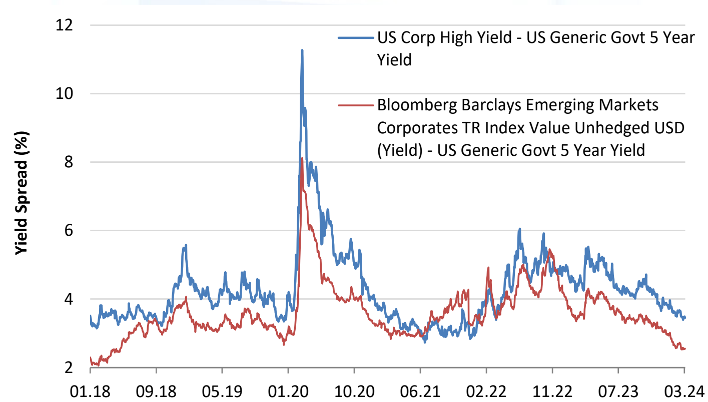
10 year Rate - Gvt



Risk Premium vs Germa Government



Risk Premium vs US Treasury



Graph sources: BearBull Group | Bloomberg

The yen bond market is not attractive

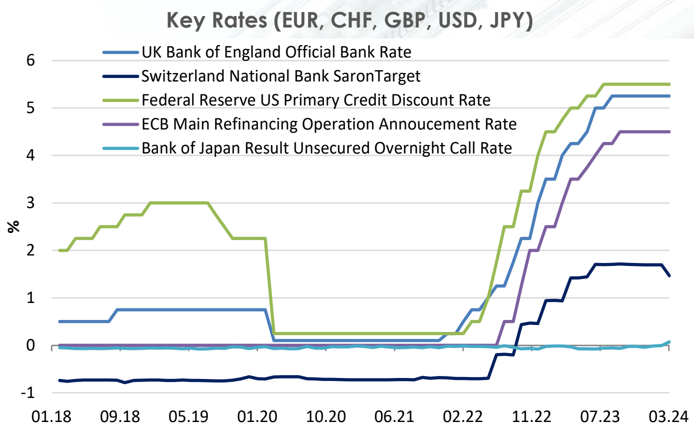
Ten-year Japanese government bond yields have not really reacted in recent weeks to the negative trend in Japanese GDP and the economy's entry into recession in Q4 2023. Nevertheless, ten-year yields, which had almost touched 1% in early November, have eased in recent months, slipping below 0.6% before stabilizing above 0.7% in February. Declining inflation has been the main factor underpinning this trend, which is likely to strengthen over the coming months. We believe that the current situation will not allow the Japanese Central Bank to significantly alter its policy.

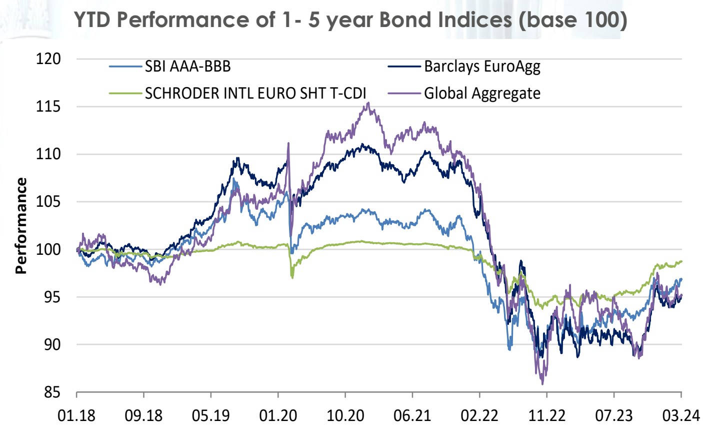
China's capital market remains attractive

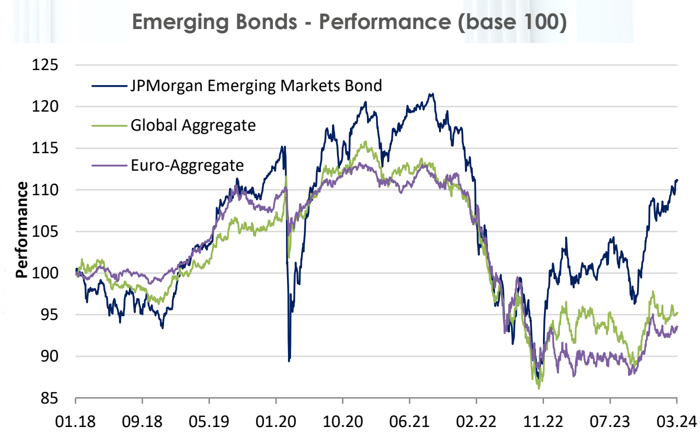
Despite a high GDP growth rate by international comparison, the Chinese economy entered deflation in 2023, in a cycle opposite to the general trend observed in industrialized countries. Inflation measured by consumer prices in China had been on a clear downward trend since its peak in September 2022 (+2.8%), but since June, the index has moved into negative territory and then recorded a steady decline until January 2024. In producer prices, the trend was earlier and more intense, as the deflation that had set in as early as September of the previous year has continued to this day. The measures taken by the PBoC to bolster economic momentum and counter deflation seem to have begun to bear fruit in February on consumer prices, as indicated by the rebound in the CPI index to +0.7% year-on-year. During this period, the PBoC reduced its required reserve ratio for the bank from 10.7% to 10% and cut its benchmark policy rate. Against this backdrop, ten-year government yields have fallen from 2.8% in early 2023 to 2.29% today, and twelve-month yields from 2.2% to 1.7%. Current real yields are theoretically still slightly attractive, but an exit from deflation in China, which would bring inflation back to around +1%, would significantly reduce real rates. Given the expansionary policy that the PBoC is likely to continue to pursue in 2024, the low point for yields has probably not yet been reached in the capital market. Prospects for capital gains therefore remain, albeit reduced, and may even be accompanied by currency gains.

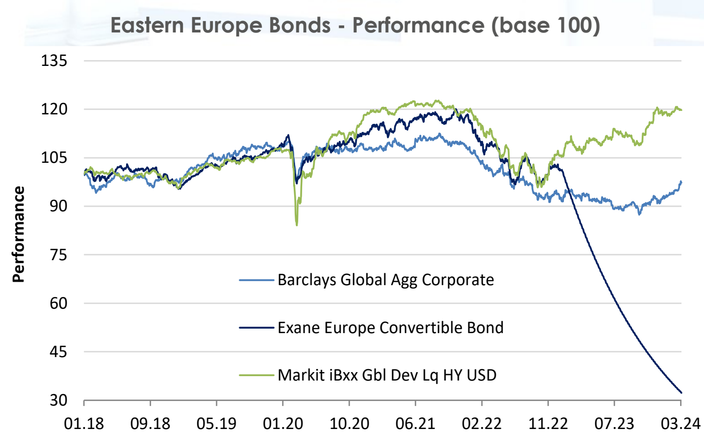
Focus on dollar-linked markets and long maturities

After a 1st quarter characterized by a return to uncertainty, we believe that the underlying trend in inflation remains clearly bearish. The bulk of the fall in price indices is probably behind us, but the next statistics should confirm the decline in prices towards central bank targets. This still-positive environment will be accompanied by gradual changes in monetary policy that will help flatten yield curves. The US market remains one of the most attractive, with high yields and potential capital gains superior to many other markets. We favor bonds in US dollars, Canadian dollars and Australian dollars, maintaining long maturities and overweighting corporate bonds. This global context should also be favorable to emerging dollar bonds, which also offer interesting opportunities for capital appreciation and attractive yields. The same applies to high yield, which deserves a place in a diversified allocation.







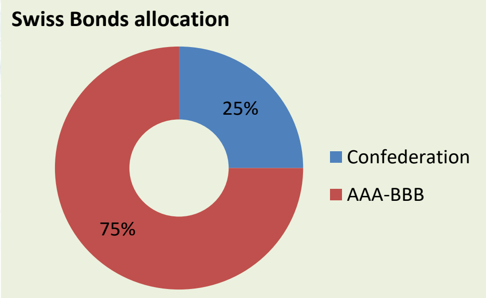


Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

Swiss Bonds

- Decorrelated performance in Q1 2024
- Bearish recovery for Swiss bond yields
- Approaching the Swiss Confederation's target of 0.5% on ten-year yields



Tactical allocation

- Underweight Swiss government securities
- Overweight the IG corporate segment
- Maintain medium durations

BONDS Type of Debtor	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Governement	↗	↗							
Corporate (IG)	↗	↗↗							
Others	↗	↗							

Decorrelated performance in Q1 2024

The Swiss bond market fared well over the 1st quarter, recording a positive performance of +0.47%, whereas most traditional developed markets sank into the red, with the global government index sliding by -2.08%. The yield on ten-year Swiss government bonds fluctuated markedly over the period, to the point of bouncing back almost to the 1%/year level when inflation was reported to have picked up in February, before falling back below 0.7%/year at the end of March following the SNB's decision to cut its key rates. This volatility and ultimately downward trend was also observed at shorter maturities, with 2-year Swiss government yields sliding from 1.2% at their January peak to 0.9% at the end of March. The contribution of Swiss bonds at the start of the year was therefore very slightly positive, in sharp contrast to that of international markets.

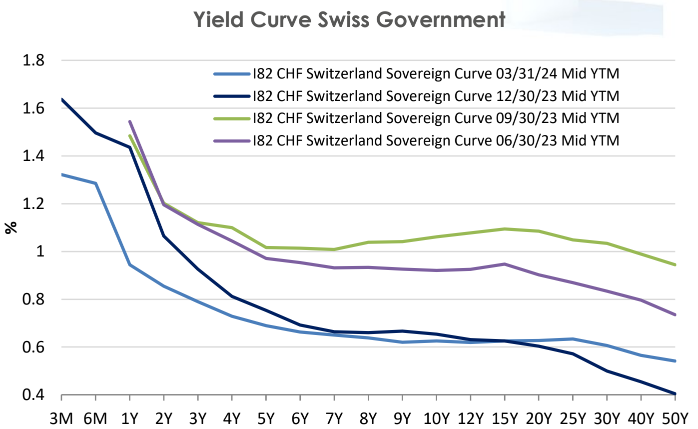
Bearish recovery for Swiss bond yields

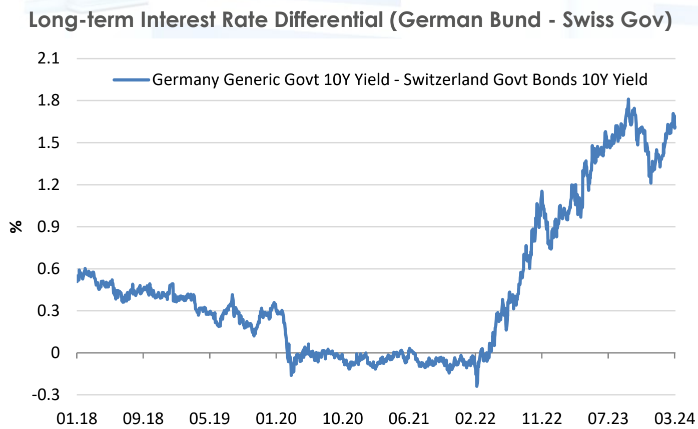
The Swiss government's ten-year interest rates continue their downward adjustment against a backdrop of moderate economic growth and increasingly controlled inflation. Inflation continues to decline, and is now well below the SNB's target. The yield differential between ten-year yields and the SARON 1-month rate is now close to 100 bps, the steepest curve inversion recorded in Switzerland for a long time. The inversion of the yield curve is set to gradually diminish in 2024, mainly as a result of a fall in short rates in the wake of the SNB's policy change, which is expected to take place over the next few months.

Against this backdrop, the long end of the curve offers little additional downside potential, unless the Swiss economy slips into recession, which is not our central scenario. Potential capital gains are therefore limited, but should contribute to the positive performance of Swiss bonds over the coming months.

Approaching the Swiss Confederation's target of 0.5% on ten-year yields

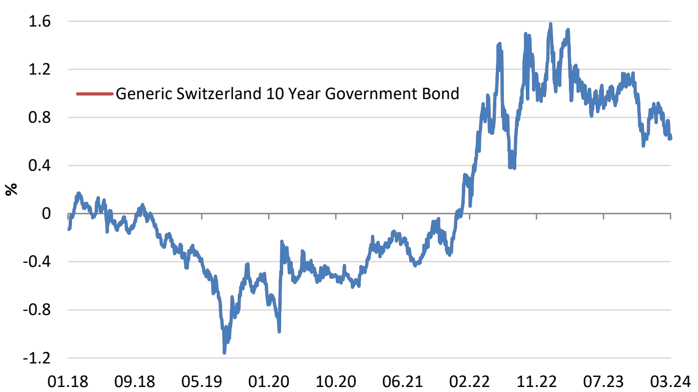
Long yields are once again on a downward trend in Switzerland, but after the movement of recent weeks, yields are gradually approaching our target of 0.5%. With inflation at 0% in March and 1% year-on-year, it will be more difficult in the coming months to see the current trend slip significantly below 1%. Base effects have already been factored into the CPI's current level, so future declines will certainly be more limited. Barring a sharp collapse in the Swiss economy, which would worry the markets and certainly push Swiss franc yields even lower, we believe that the short-term lower limit for ten-year Confederation yields is 0.4%. Our outlook is now less positive, and envisages small capital gains on top of the reduced yields currently available. Longer-term yield curves are now increasingly likely to stabilize, which should limit potential capital gains. Most of the flattening of the yield curve will concern shorter maturities. In terms of positioning, we now prefer medium maturities of around five years and a duration slightly shorter than that of benchmark indices.



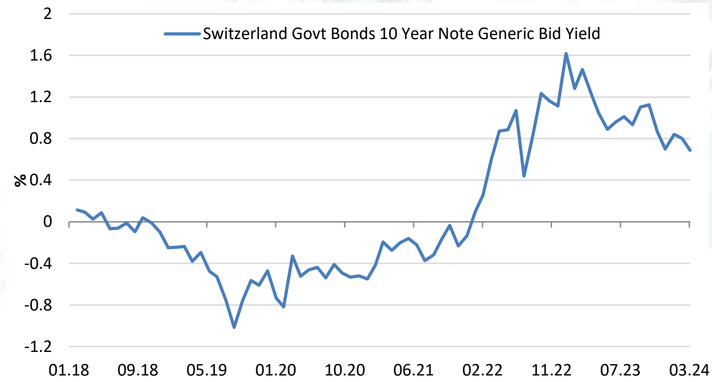


Graph sources: BearBull Group | Bloomberg

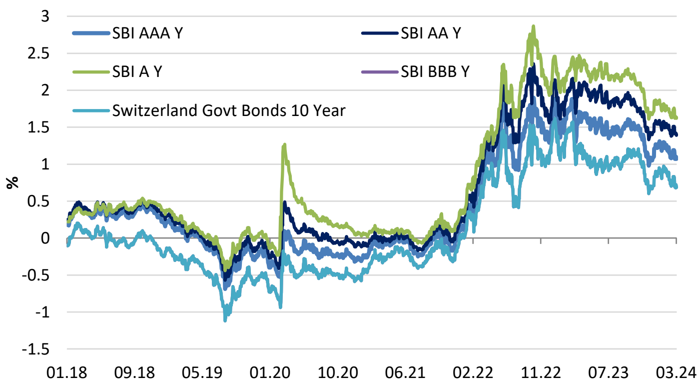
Swiss Government Bonds - 10 year Rate



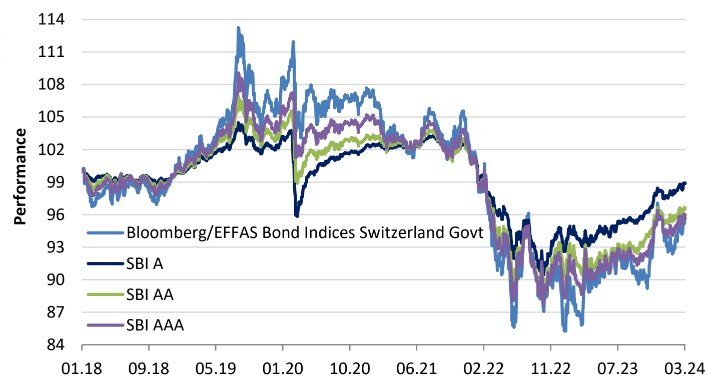
Swiss Government Long Rates since 2018



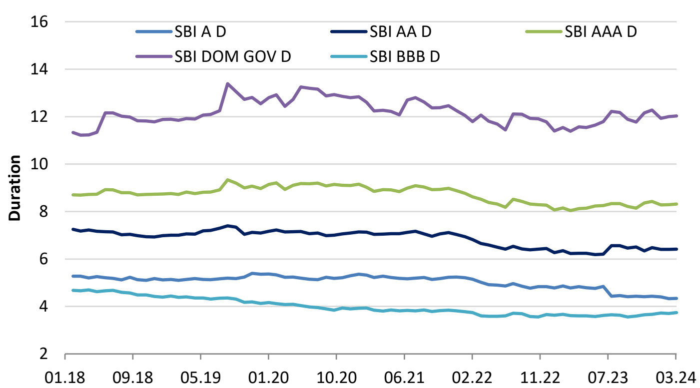
Yield (in %) by Type of Debitor



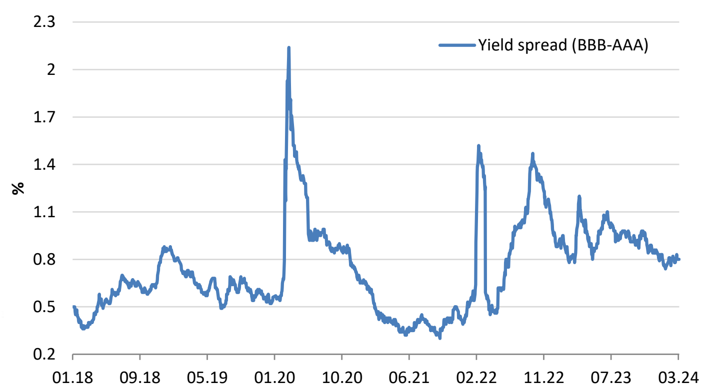
Performance of Swiss Bonds (base 100)



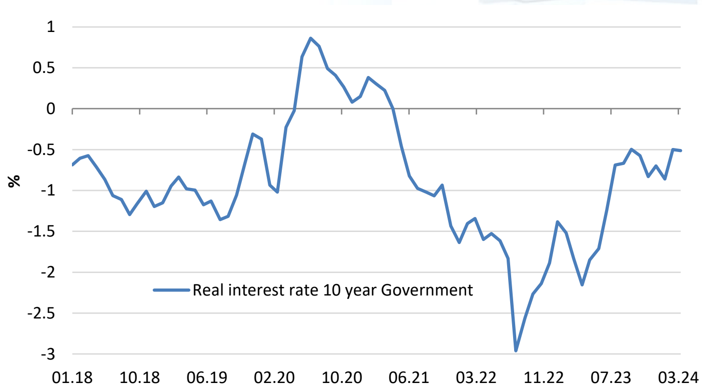
Duration of Swiss Bond Indices



Yield Spread



Real Interest Rates



SWISS BOND INDICES (CHF)

31.03.2024			Total Return Performance				
N° ISIN	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
Bloomberg Barclays Series-E Switzerland Govt All > 1 Yr Bond Index	250.0	CHF	0.0	1.5	-0.2	5.5	-0.2
SBI A-BBB	135.2	CHF	0.0	0.6	0.7	3.4	0.7
SBI AA-BBB	131.9	CHF	0.0	0.6	0.6	3.6	0.6
SBI AAA-AA	130.8	CHF	0.0	0.8	0.4	4.3	0.4
SBI BBB	147.4	CHF	0.0	0.5	0.6	3.1	0.6
SBI AAA-BBB	132.1	CHF	0.0	0.7	0.5	4.1	0.5
SBI DOM GOV AAA-BBB 1-3P	58.9	CHF	0.0	0.2	0.1	0.4	0.1
SBI DOM GOV AAA-BBB 3-7P	74.6	CHF	-0.2	0.4	-0.2	0.9	-0.2
SBI DOM GOV AAA-BBB 7+ P	114.1	CHF	-0.2	1.8	-0.9	6.6	-0.9

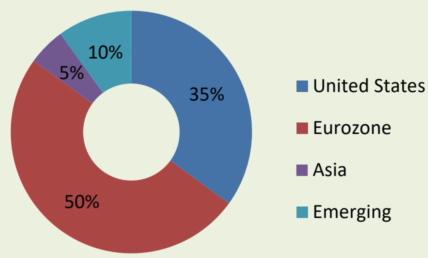
 Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

International Real Estate

- March saves quarterly performance slightly
- Overall positive outlook for 2024
- Bullish recovery in the United States despite high valuations
- Attractive discounts in Europe and the UK

International Real Estate allocation



Tactical allocation

- Overweight international real estate
- Focus on Europe

REAL ESTATE Areas	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Switzerland	↗	↗			■				
United States	↗	↗			■				
Eurozone	↗	↗↗						■	
United Kingdom	↗	↗			■				
Asia	↗	↗					■		
Emergents	↗	↗					■		
Liquidity			■						

March saves quarterly performance slightly

The negative correlation between interest rates and securitized real estate markets remained unsurprisingly high during Q1 2024. The return of inflation uncertainties at the start of the quarter and fears that the Fed and other central banks would postpone their pivot dates by several months largely affected investor sentiment. After a very fine end to the year in the bond markets, which saw long rates in US dollars, euros and pounds sterling fall together by around 100 basis points, the start of 2024 began on the contrary with this trend being called into question. The relative strength of the US economy and the resilience of the UK and EU, both of which avoided a sharp recession, prompted a reassessment of the likelihood of key rate cuts, and pushed back the date of the monetary policy pivot by several months. In this once more uncertain climate, patience was not an option, and an almost systematic rebound in rates in these countries quickly took hold, almost uniformly erasing around 50% of the decline recorded at the end of 2023.

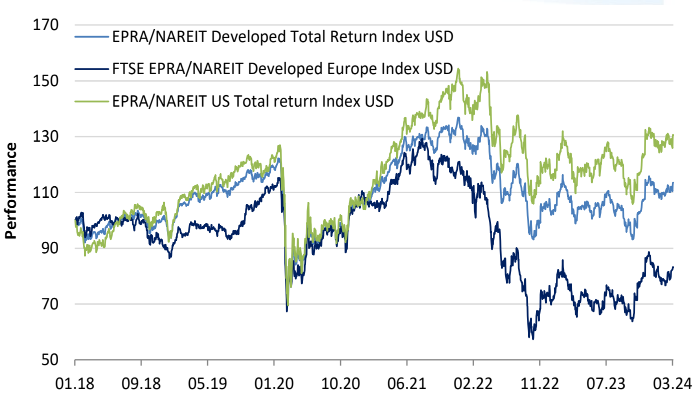
Securitized real estate was unable to withstand this rebound in yields, which once again increased the perception of financing risks and, indirectly, the valuation of assets and rents through the indirect effect of the rising cost of capital and discount factor.

Finally, better inflation figures restored some optimism to the securitized real estate markets in March. The level of the PCE index for February, the Federal Reserve's preferred indicator, provided some reassurance. Yields eased slightly again, without really changing a short-term trend still overly influenced by the resilience of labor markets. Europe was able to rebound by +8.94%, followed by the UK market up +7.97% and Asia +6.17%. But overall, rates were still higher at the end of March than at the beginning of January. Securitized real estate thus lacked the reasons to record a positive quarter. All segments were still in the red at the end of March.

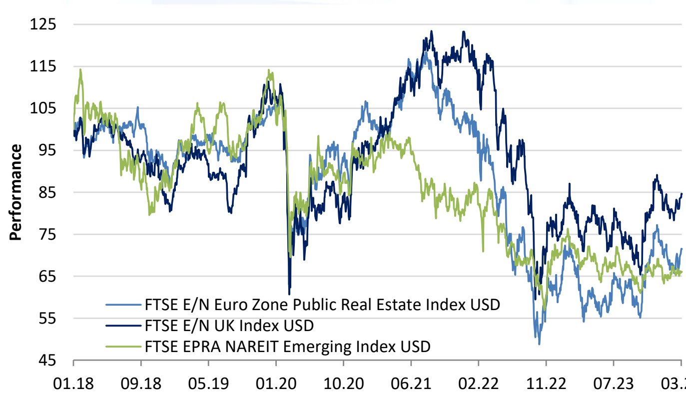
Overall positive outlook for 2024

Nevertheless, inflation trends are still pointing downwards, and the pivot date for the Fed, ECB, BoE and other central banks is not far off. June is just around the corner, but for the time being, markets remain reluctant to upgrade prospects and real estate values. Nevertheless, we can still anticipate between three and four key rate cuts, corresponding to at least 100 basis points of adjustment in short rates. We expect yield curves to fall over the next few quarters, providing a favorable environment for listed real estate stocks.

EPRA Nareit Indices-USA, Europe, World (in USD)



EPRA Nareit Indices - Eurozone, UK, Emerging Markets (in USD)



Graph sources: BearBull Group | Bloomberg

The global economic scenario of +3% growth in 2024 is based on a weaker start to the year, but on a gradual recovery in global economic momentum. Overall, Europe will avoid a recession and return to moderate growth over the coming months. In North America, economic momentum should also pick up in the second half of the year. Finally, Asia should also benefit from an improved economic climate, with external demand supporting growth and exports.

We believe that the slight underperformance of securitized real estate in the 1st quarter represents a new opportunity for repositioning in the medium term. We recommend an overweight position in this sector, with greater exposure to Europe and Asia.

US direct property prices up +6.03

Direct property prices in the USA have resumed their upward trend since stagnating in Q2 2023. Year-on-year price growth strengthened again in February, from +5.53% in March to +6.03%, according to data published monthly by S&P Case-Shiller. Nationally, mortgage applications slipped by -0.6% on March 29, but the statistic is volatile, having risen by +10% at the beginning of the month, for example. Signs that real estate activity is picking up include a sharp rise in sales of existing homes over one month (+9.5%), corresponding to the strongest increase since February 2023. The annualized rate is now 4.38 million units.

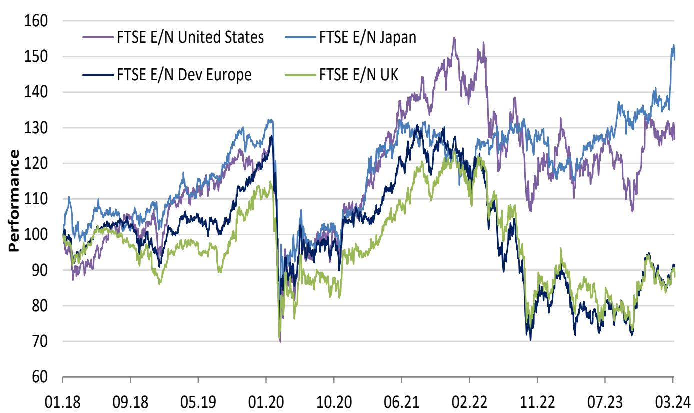
This trend suggests that the slight drop in financing costs in recent months has encouraged new homeowners to take the plunge. But the market also remains influenced by existing inventories, and the number of homes already occupied and for sale has in fact risen to 1.07 million units. But overall, given the high demand, the theoretical time to sell all inventories is estimated at just under three months. Historically, a ratio of less than five months suggests a tight market. No wonder the median house price has peaked at around 384,000 USD.

Upswing in US securitized real estate despite « stretched » valuations

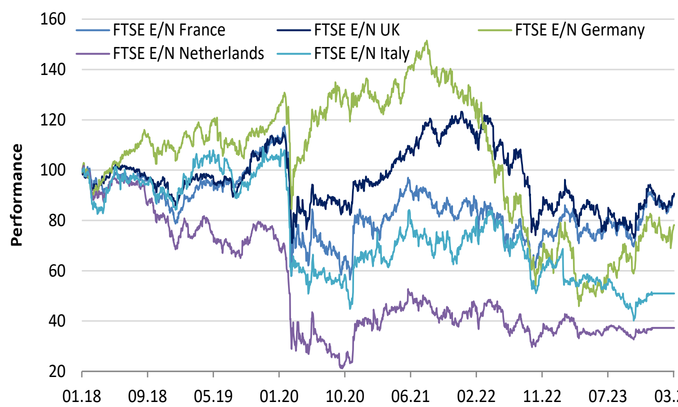
As far as securitized real estate is concerned, the trend in interest rates since the October peak has clearly been seen as a positive factor. The EPRA Nareit USA index benefited from an exceptional uptrend of +15.9% in the last three months of 2023, and has not suffered any major profit-taking since, despite the rebound in rates in the 1st quarter. The decline of just +1.6% during the rate hike phase was held back by rising direct real estate prices.

However, our outlook for inflation, interest rates and US monetary policy suggests a continuation of the REITs revaluation process and the current uptrend in securitized real estate. The EPRA Nareit US index has an average yield of 4.52%, a total debt/total assets ratio of 45% and a price/net assets ratio of 2.01. In a still positive context for US real estate, in relative terms, this market nevertheless appears less attractive than the eurozone and UK markets. We recommend under-exposure to the US segment in favor of the eurozone in particular.

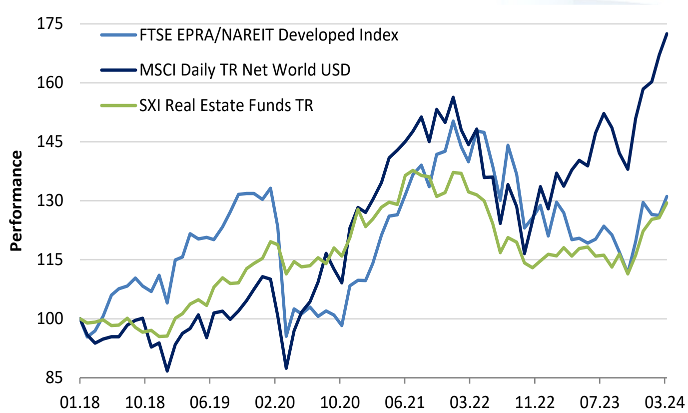
Real Estate Markets in Local Currencies



European Property Markets in Local Currencies



Long-term Performance ; International Real Estate, Swiss Real Estate (CHF) and International Equitites (base 100)



INTERNATIONAL REAL ESTATE INDICES (local currency)

31.03.2024 — Total Return Performance

	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
GLOBAL	FTSE EPRA/NAREIT Glb TR	2903.4	USD	2.0	3.3	-1.3	13.3	-1.3
DEVELOPED	EPRA/NAREIT Dev TR USD	5659.9	USD	2.1	3.6	-1.0	14.4	-1.0
DEVELOPED EUROPE	FTSE E/N Dev Europe	1650.1	EUR	1.7	8.5	-2.7	18.3	-2.7
EUROZONE	FTSE E/N Euro Zone	1627.1	EUR	2.7	8.9	-3.8	16.3	-3.8
USA	FTSE E/N United States	3018.7	USD	2.6	1.9	-0.6	15.2	-0.6
DEVELOPED ASIA	FTSE E/N Dev Asia	1271.4	EUR	1.3	6.4	2.3	6.5	2.3

 Graph sources: BearBull Group | Bloomberg

European securitized real estate to benefit from lower rates

Securitized real estate in Europe had reacted particularly well to the fall in inflation and financing costs at the end of 2023, perhaps somewhat hastily anticipating a change in monetary policy which clearly could not occur as early as the beginning of 2024. After an initial phase in which the outlook for listed real estate stocks rose by over +35% in two months, profit-taking logically accompanied the rebound in yields mentioned above. At current levels, we believe that European securitized real estate will continue to benefit from this new, more favorable paradigm, rebounding sharply from its March 2024 lows. We consider the European real estate market to be exceptionally attractive, with yields of around 6% and extremely attractive valuations in both absolute and relative terms. With a price/net asset valuation of just 64%, the discount of almost 40% on book value seems to us to reflect a unique situation. European securitized real estate is therefore enjoying a very favorable situation, which should enable it to record a very positive stock market performance in 2024. We recommend an overweight in the asset allocation to this segment, whose recovery could be based on a price increase of almost +20% in the coming quarters.

Time to bet on securitized real estate

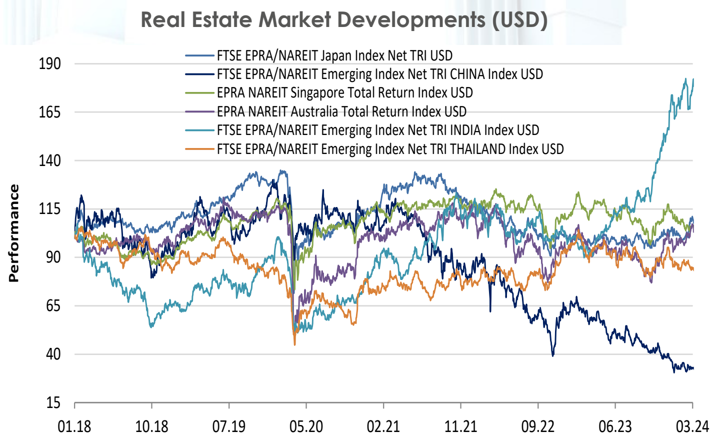
The Annual house price trends continue to slow. After reaching +14.3% year-on-year in July 2022, the year-on-year evolution of house prices has now been rather negative for six months. According to UK Rightmove data, in February 2024 the year-on-year change was finally +0.1%. According to figures published by Nationwide Building Society, average house prices also declined by -5% at the end of September, and have been gradually recovering since then. At the end of February, this indicator suggests a year-on-year rise of +1.2%. Most UK housing market indicators now seem to be pointing back towards recovery. The more favorable outlook for future financing costs and wage growth is helping to revive demand. As far as price trends are concerned, households' financing capacity relative to potential purchase prices remains historically low, and the continuing high level of supply will certainly limit upward pressure. After eighteen months of price consolidation, direct real estate appears to be fairly resilient in the face of difficulties in finding the financing required for an acquisition. The current economic slowdown does not appear to be sufficient to trigger a more significant decline in real estate. The risks are not completely averted, however, by the prospect of further reductions in financing costs, while some 1.5 million households will see their carrying costs rise by 2024. We believe that the real estate market will remain in a phase of consolidation and stabilization in 2024, with no major opportunities for price rises in the short term. As far as securitized real estate is concerned, its short-term evolution remains more correlated with inflation and interest rates than with the physical market. After the rout of -34% in 2022 and -17% in 2023 due to negative expectations linked to the prospect of higher financing costs, bringing the overall price correction for listed securities to almost -50%, UK securitized real estate once again looks particularly attractive. Recent interest rate trends have motivated both the +20% rebound between October and December, and the decline of the last two months. We believe that the next phase of rate adjustment will take place over the next few months, and will lower financing costs by 100 bps. In this once again positive context for securitized real estate, a positive trend should soon be in place.

Attractive discounts in Europe and the UK

The new inflationary regime that seems to be taking shape can now positively influence monetary policy in the USA, Europe and China. This new paradigm for interest rates represents a more favorable environment for real estate investments. A new assessment of the risks and opportunities for securitized real estate assets should support a continuation of recent upward trends, but this remains highly dependent on the very real evolution of bond yields.

Valuations, as expressed by the ratio of share price to book value, are particularly attractive in Europe. The returns offered by these investments are also increasingly attractive compared to those offered in the capital markets. Risk premiums have in fact been reinforced by the decline in bond market yields. What's more, we still find that this asset class is generally under-represented in the diversified asset allocations of private and institutional investors.

In view of the positive outlook, we recommend an overweight tactical allocation, favoring investments in the eurozone in particular, and UK stocks to a lesser extent



 Graph sources: BearBull Group | Bloomberg

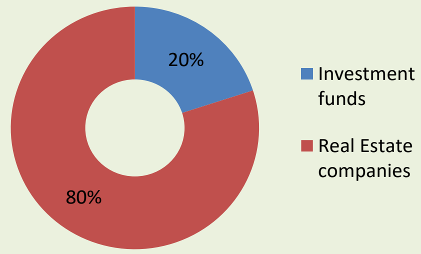
PROSPECTS AND STRATEGIES

Swiss Real Estate

- Swiss securitized real estate outperforms in Q1
- Absolute and relative returns still attractive
- Real estate companies expected to outperform

REAL ESTATE Switzerland	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Investment funds	↗	↗							
Real Estate companies	↗↗	↗↗							
Foundations	↗	↗							
Cash									

Swiss Real Estate allocation



Tactical allocation

- Premiums, yields and risk premiums still attractive
- Focus on listed real estate companies

Swiss securitized real estate outperforms in Q1

Swiss real estate investment funds continued their upward trend in Q1, advancing by a further +5.93%, following five months of positive performance in November (+4.26%) and December (+5.26%) 2023, which were already quite impressive. The picture for real estate companies is similar, with a quarterly rise of +0.24%, following on from +2.99% and +2.12%. The trend in inflation and interest rates that we predicted in the previous quarter continued at the start of the year, and was the main factor behind investors' renewed interest in listed real estate stocks. We were indeed predicting a downward revival in interest rates, which should logically and very substantially benefit securitized real estate investments, whose agios had declined sharply and were now looking increasingly attractive. The volatility of ten-year Swiss government yields was finally reduced during the quarter by a further decline in long rates from almost 1% to 0.7%. The reversal of the SNB's monetary policy is putting pressure on yields, which are set to slide further over the coming months, boosting interest in real estate investments. A few months ago, the drop in the agio on funds to below 10% was a convincing reason to reposition in real estate stocks. Today, the average agio of real estate funds has risen back above its historical average (20%) to 22.7%. While not at the extreme level of 40% that will be reached in 2022, it is starting to move a little higher up the spectrum of historical valuation measures for this asset class. As far as real estate companies are concerned, the current situation still shows an average discount of -1%. Given recent developments on the interest-rate markets, financing conditions in Switzerland have not deteriorated to the same extent as in other countries, and will therefore not have a significant impact on the valuation of securitized real estate, in our view. On the other hand, we believe that interest rates in Switzerland are unlikely to resume their upward trend rapidly in 2024 as inflation collapses. What's more, with average indebtedness below 25% of funds, refinancing risk is also highly overestimated. Our outlook for 2024 is positive for both securitized real estate segments.

Absolute and relative returns still attractive

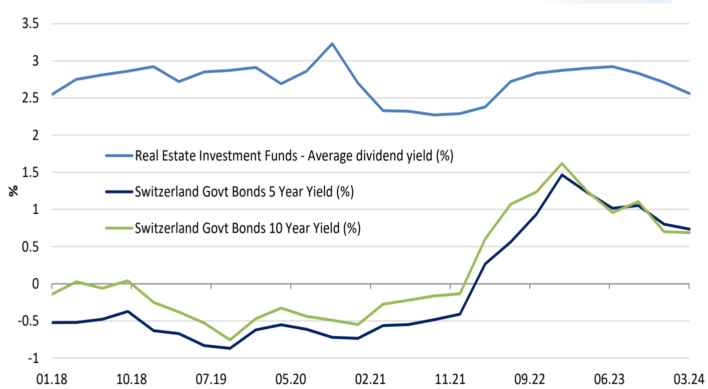
Given the rise in prices during the last quarter, the yield on real estate funds logically slipped from 2.7% to 2.5%, while that on real estate companies remained more stable, falling only from 3.79% to 3.5%. In both cases, these yields remain well above those of bond investments, and in particular the Confederation's ten-year yields, which ended the quarter at 0.68%. Given the relatively flat yield curve for Confederation yields, we consider the profitability of listed real estate investments to be very attractive in both absolute and relative terms. The risk premium for funds is 182 bps, whereas it is still close to 282 bps, which represents attractive premiums in the current environment. Real estate companies expected to outperform.

SWISS REAL ESTATE

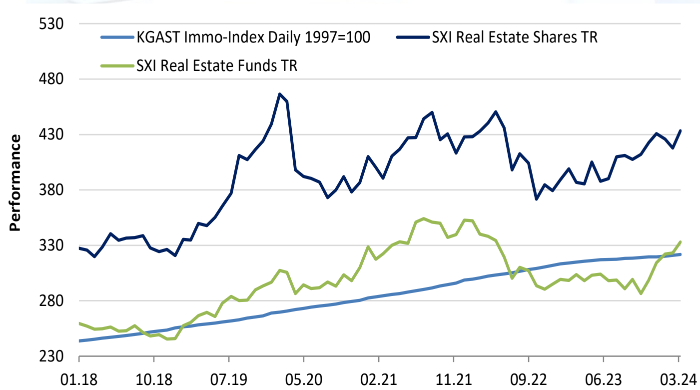
31.03.2024	Total Return Performance					
Name	Last price	7 d %	1 m %	3 m %	6 m %	YTD %
SXI Real Estate Funds TR	489.6	0.7	3.0	5.9	11.2	5.9
SXI Real Estate Idx TR	3228.0	0.1	3.7	0.6	6.3	0.6
KGAST Immo-Index*	358.7	0.0	0.0	0.4	0.8	0.4

* subject to one-month lag

Government and Real Estate Yield



Performance of Swiss Real Estate

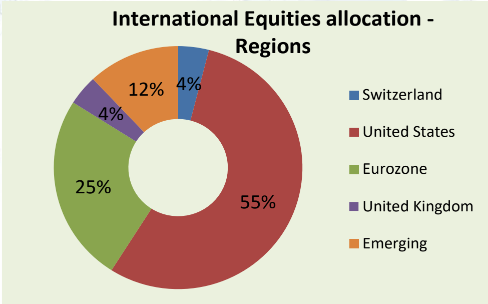


Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

International Equities - Regions

- 2023 performance owes much to Q4
- Falling probability of recession supports markets
- Overweight US and emerging markets



Tactical allocation

- Overweight the United States
- Reinvestment in emerging markets

EQUITIES REGIONS	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Switzerland	↗	↗			■				
United States	↗	↗↗						■	
Eurozone	↗	↗↗					■		
United Kingdom	↗	↗			■				
Japan	↗	↗		■					
Emerging	↗	↗↗					■		
Liquidity			■						

2023 performance owes much to Q4

While weaker inflation figures and stronger economic growth data worried the bond markets, the situation was quite different for equity markets. The vast majority of equity markets advanced over the quarter, in some cases making spectacular gains. The +21.4% rise in the Japanese market was one of these impressive gains, but the developed markets closer to home also performed well. Overall, the world index advanced by +8.88%, driven by gains in the USA (+10.55%) and Europe (+12.94%). Emerging markets were still awaiting a recovery in China, and could only record one of the worst quarterly performances (+2.41%). The start of the year was thus a continuation of the November and December rises, without taking too much notice of the fairly generalized rise in yields that was taking hold in the capital markets at the same time. Investors focused on the potential positive impact on corporate earnings of more resilient-than-expected economic growth, relegating to the back burner the interest-rate rebounds that undoubtedly appeared to be temporary.

Falling probability of recession supports markets

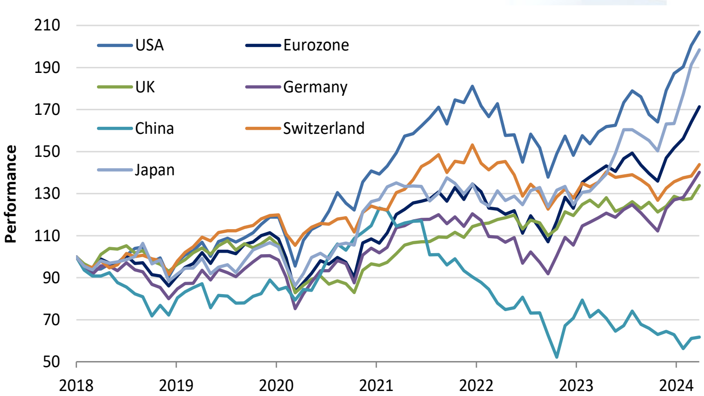
At the end of 2023, the potential risks of recession seemed low in the USA and significantly higher in Europe. In the light of recent developments in the 1st quarter, it would appear that the risks of a collapse in activity are now much lower, and that even in the UK and the European Union, the risks have diminished significantly. With only a few weeks or months to go before the global economy strengthens, and is then likely to be supported by widespread interest-rate cuts, the 2nd quarter will kick off with major announcements from companies regarding their future financial prospects. In our view, guidance will certainly be more positive in the months ahead, which should bolster investor interest in equity markets.

Profit growth and lower financing costs should continue to provide an attractive cocktail to support future growth in equity markets. Caution is called for in the current environment, however, as an uninterrupted five-month rise in indices, particularly the S&P500 (+28%), would logically be conducive to profit-taking and price consolidation. These risks are clearly more present today after such a sharp rise in share prices, which has also pushed valuation measures a little higher. We continue to recommend a highly diversified, committed equity investment policy, still favoring the US markets.

Beware of generous stock market valuations in the United States

Since the peak of long rates at 5%, the S&P500 index has risen by +28%, recording five consecutive monthly increases. Despite volatility in the bond segment and sharp rebounds in interest rates, US equities have performed exceptionally well, without a single sustained period of price consolidation.

Long-Term Equity Markets (base 100)



Chinese A and B Shares (base 100)

 Graph sources: BearBull Group | Bloomberg

BearBull Global Investments Group

Our positive expectations for equities have thus come true, as have those concerning the outlook for growth stocks (+28%), which have effectively outperformed the S&P value index (+22.5%). As a result, US equity valuations for 2024 and 2025 are now at historically high levels, with PEs of 22x and 20x. We believe that the upside potential for US equities remains significant, but the valuation levels are now calling for a degree of caution. The concentration of performance on a limited number of stocks (magnificent seven) must give way to a broadening of the indexes' share of the upside, if the current trend is to continue. We are maintaining our positive recommendation for US stocks in view of the Fed's forthcoming policy easing.

European equities rise again

Over the past six months, European equities have benefited greatly from the change in expectations regarding the future trend in interest rates. The diminishing risk of a significant recession in Europe, in favor of a gradual soft landing scenario, has also bolstered earnings growth prospects for European companies. While the ECB has not yet cut rates, but is preparing to act sooner than expected, the SX5E index has nevertheless risen by +26% since its October 2023 low. This advance has pushed SX5E stocks above 5,000 points and places the geographic zone among the best equity markets in 2024. From a relative point of view, European equities remain attractive in terms of historical valuation and in relation to their peers. They still offer a significant discount to US stocks. The valuation of 13.8x earnings for 2024 is lower than the S&P500's PE of 22x. They also look attractive relative to Japanese (24x) and Swiss (13x) equities, and are barely more expensive than Chinese stocks (11.3x). The average dividend yield in Europe (2.88%) is also attractive, and far exceeds that of the USA (1.36%) and Japan (1.57%). There is still plenty of room for them in a diversified international allocation in 2024.

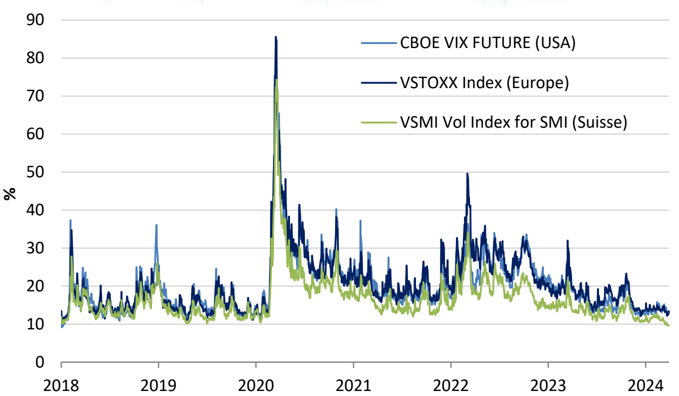
Nikkei approaches all-time high of 40,000

The Japanese market has soared in recent months, buoyed by rising profits for exporting companies, helped by the yen's massive fall. However, the rise has also been driven by an increase in technology stocks and companies linked to the production of semi-conductors, as well as sectors benefiting from the AI revolution. The index has risen by over +50% since its low point in January 2023, surpassing the all-time high reached in 1989 of 38,957. Corporate profits look solid, and are also rekindling the interest of foreign investors attracted by the prospect of earnings growth and shareholder-friendly reforms, after a long and more uncertain period of business development. The absence of the risk of rising interest rates is also a notable factor in the exceptional resilience of Japanese stocks, whereas the international context has tended to be marked by upward trends in financing costs. Now above its all-time high, the Nikkei can certainly still take advantage of the current craze to test the 40,000-point level before likely profit-taking.

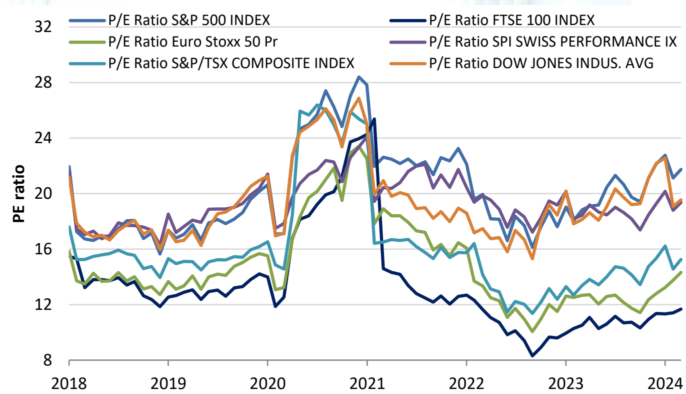
Lower interest rates will benefit British equities

The FTSE100 index has largely underperformed other European and international indices for several quarters now. It is still suffering from negative expectations linked to a sluggish economic dynamic, persistently high inflation and competition from the domestic bond market. The FTSE100 is currently barely above its February 2022 peak. The index's low exposure to growth and technology stocks explains its underperformance in 2023 and at the start of this year. The current level of the equities market offers some opportunities, due to rather attractive absolute and relative valuations. All FTSE100 companies continue to enjoy a relative advantage, with an average PE (11x) well below that of the US S&P500 (201.3x), Europe's SX5E (13.8x) and the SMI (18x). With FTSE 100 earnings growth expected to reach +7% in 2024, the UK market is not particularly attractive, but it should nevertheless be supported by the rate cuts expected in 2024.

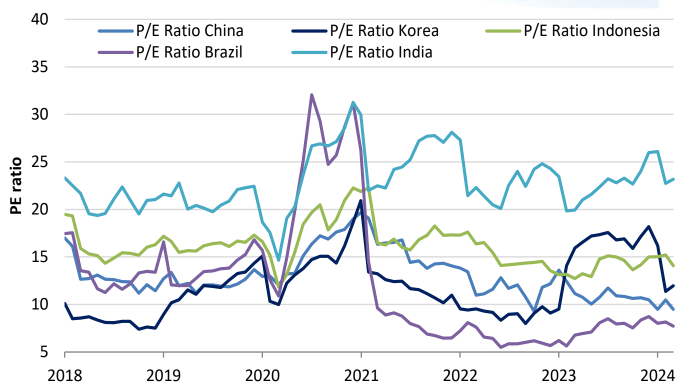
Volatility Indicators (USA, Europe, Switzerland)



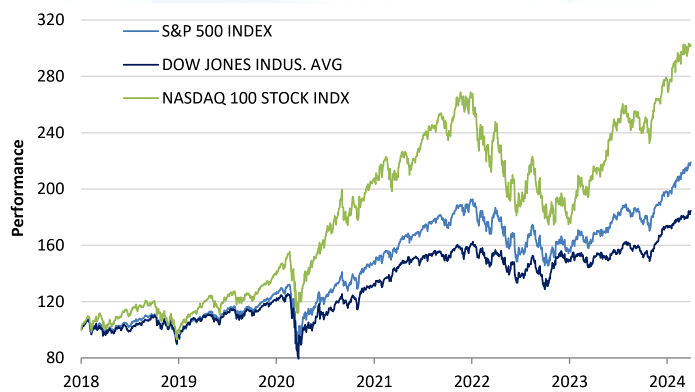
Developed Markets PE



Emergent Markets PE



US Equity Markets (base 100)



 Graph sources: BearBull Group | Bloomberg

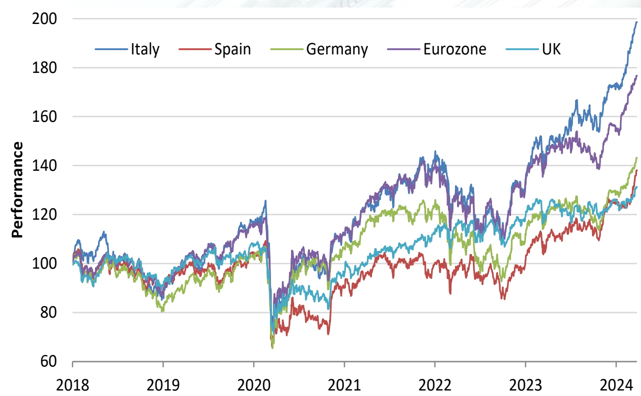
Emerging markets' underperformance comes to an end

Emerging markets again largely underperformed developed markets at the start of 2024, posting a small rise of +1.9%. This was mainly due to China's underperformance, which largely influenced the overall result with a modest +1.37% rise. The Chinese index is hesitating, held back by the uncertainties surrounding the economy's growth prospects, despite the aid and support provided by the government. This lack of enthusiasm is understandable as we await clearer signs of recovery, and contrasts with the positive USD trends in Taiwan (+8.21%), Korea (+13.56%) and emerging markets such as India (+9.58%) and Vietnam (+11.25%), while Brazil rose by +18.73%. The Chinese government's forthcoming economic stimulus measures should encourage international investors to return to Chinese stocks, with their attractive average to new PEs. In addition, emerging economies which had suffered from the rise in US interest rates and the depreciation of their currencies against the US dollar should benefit from an improvement in conditions for both these factors. Better global economic growth in 2024 will also be a more favorable environment for a return to emerging market outperformance, if China finally benefits from a new uptrend supported by better corporate results, as the +10.2% year-on-year rise in Chinese corporate profits may already suggest.

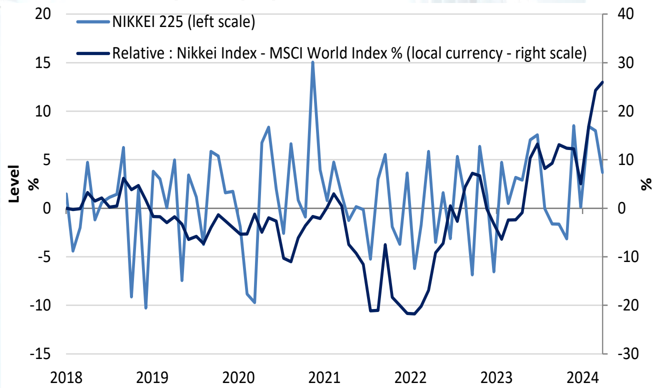
Overweight US and emerging markets

The start of more accommodative monetary policies has been delayed, but in just a few weeks' time, most central banks will begin their process of correlated rate cuts. This environment should benefit US stocks, which are also likely to achieve superior financial results in a better economic climate than in Europe. We recommend an overweight tactical allocation to the US, to the detriment of Europe and Japan. In addition, less restrictive monetary conditions and better global economic conditions will also support renewed interest in emerging markets. In the case of China, the equity market continues to lag far behind other markets, despite the government's economic support policies. These should be stepped up to boost domestic demand and improve the outlook for Chinese companies. We also suggest gradually increasing the allocation to emerging markets, including China.

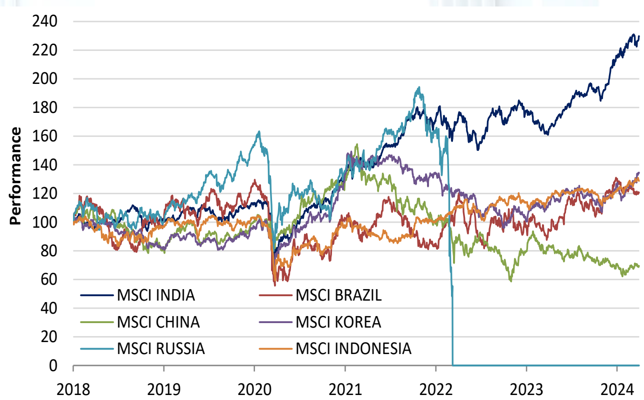
Equity Markets (base 100)



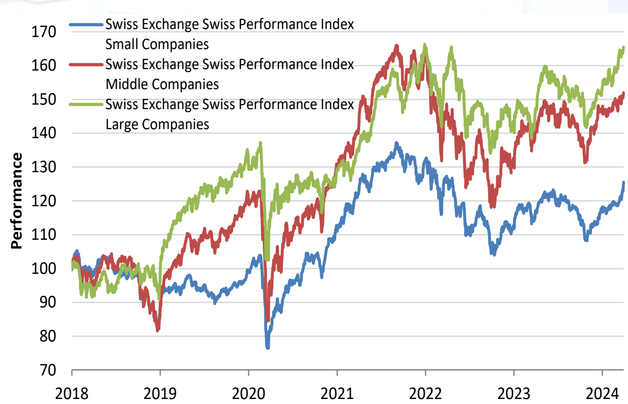
Japan Equity Markets VS MSCI World



Emerging Equity Markets (base 100)



Swiss Equities (large - middle - small caps/base 100)



EQUITIES - BY REGION (local currency)

31.03.2024 — Total Return Performance

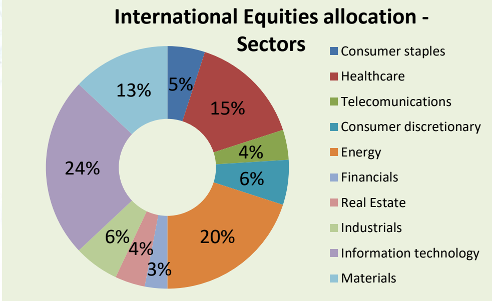
	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
SWITZERLAND	SPI Swiss Performance Index	15442.9	CHF	0.9	3.9	6.0	7.5	6.0
SWITZERLAND SMALL-MID CAPS	SPI Extra Total Return	5189.6	CHF	0.9	3.7	4.6	7.5	4.6
EUROPE	STXE 600 € Pr	512.7	EUR	0.7	4.2	7.8	15.1	7.8
EUROPE SMALL-MID CAPS	MSCI Europe Small Cap Net TR E	545.2	EUR	1.2	4.3	3.5	13.5	3.5
UK	FTSE All-Share Index	4338.1	GBP	0.4	4.7	3.6	6.9	3.6
USA	S&P 500 Index	5254.4	USD	0.4	3.2	10.6	23.5	10.6
USA SMALL-MID CAPS	RUSSELL 2500	922.7	USD	2.1	4.1	6.9	21.2	6.9
JAPAN	NIKKEI 225	40369.4	JPY	-0.6	3.7	21.5	27.9	21.5
JAPAN SMALL-MID CAPS	Russell/Nomura Mid-Small Cap I	1453.6	JPY	-0.2	4.7	14.0	15.7	14.0
ASIA EX-JAPAN	MSCI AC Asia Pac Ex Japan	537.3	USD	0.5	2.7	2.2	10.3	2.2
ASIA EX-JAPAN SMALL-MID CAPS	MSCI AC Asia Pacific Ex Japan Small Cap	1214.8	USD	0.5	1.0	0.2	9.2	0.2
EMERGING	MSCI EM	1043.2	USD	0.5	2.5	2.4	10.6	2.4
INTERNATIONAL EQUITIES -DIVERSIFIED USD	MSCI Daily TR Net World	10763.4	USD	0.4	3.2	8.9	21.3	8.9

 Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

International Equities - Sectors

- Monetary policies favorable to growth style
- Focus on sectors favored by declining interest rates
- Overweight technology, biotechnology, base metals and alternative energies
- Underweight the banking sector



Tactical allocation

- Favour growth stocks
- Overweight alternative energies, REITs, mining companies, technology and consumer discretionary

EQUITIES Sectors	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Consumer staples	↗	↗			X				
Healthcare	↗	↗					X		
Telecommunications	↗	↗			X				
Utilities	↗	↗	X						
Consumer discretionary	↗	↗↗					X		
Energy	↗	↗↗						X	
Financials	→	→		X					
Real Estate	↗	↗				X			
Industrials	↗	↗			X				
Information technology	↗	↗↗						X	
Materials	↗	↗↗						X	

EQUITIES - BY SECTOR

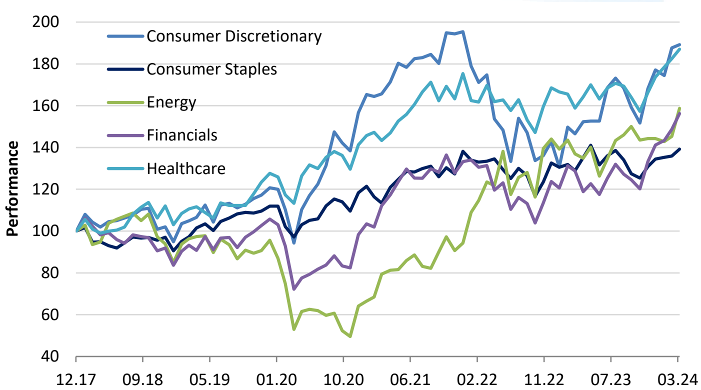
31.03.2024 — Total Return Performance

	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
CONSUMER DISCRETIONARY	MSCI WORLD/CONS DIS	414.4	USD	0.5	0.8	6.8	18.8	6.8
CONSUMER STAPLES	MSCI WORLD/CON STPL	277.8	USD	0.9	2.4	3.5	9.2	3.5
ENERGY	MSCI WORLD/ENERGY	265.8	USD	1.8	9.2	10.1	5.8	10.1
FINANCIALS	MSCI WORLD/FINANCE	162.7	USD	1.3	5.1	10.7	25.5	10.7
HEALTHCARE	MSCI WORLD/HLTH CARE	378.0	USD	1.2	2.5	7.7	14.1	7.7
INDUSTRIALS	MSCI WORLD/INDUSTRL	396.2	USD	0.1	3.9	9.8	25.1	9.8
MATERIALS	MSCI WORLD/MATERIAL	356.3	USD	1.4	6.6	3.5	16.7	3.5
REAL ESTATE	MSCI WORLD/REAL ESTATE	1969.4	USD	2.2	1.7	-1.5	16.3	-1.5
TECHNOLOGY	MSCI WORLD/INF TECH	671.8	USD	-1.1	1.7	12.4	32.1	12.4
TELECOMMUNICATION	MSCI WORLD/TEL SVC	108.2	USD	-0.6	3.6	13.0	25.3	13.0
UTILITIES	MSCI WORLD/UTILITY	149.8	USD	2.0	5.9	1.6	12.5	1.6

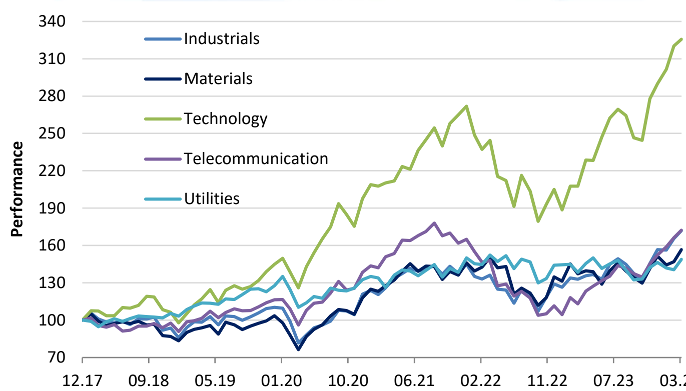
More resilient economic growth, lower inflationary trends, a return to flexible monetary policies and the downward adjustment of yield curves should be the main determining factors for equity markets and sectors over the coming months. In this environment, we continue to recommend an investment policy geared towards growth stocks benefiting from the adjustment in interest rates. Indices such as the Nasdaq have already partially taken into account the best-case interest-rate scenario, but we still feel that participation in the upside is insufficient. Some stocks have now taken full advantage of these positive factors, performing exceptionally well on the stock market (Microsoft, Nvidia, Amazon, Google), but we now expect other stocks to participate more broadly in the rise of the indices. In the United States, we do not anticipate any change in the trend currently favourable to growth stocks, and the performance of the S&P Value Index (+8.05%), already well behind that of the S&P Growth (+12.75%), will certainly continue to lag in the coming months.

In terms of sectors, stocks that are highly dependent on interest rates should benefit. We maintain a strategy favoring growth stocks and Nasdaq companies. After suffering the negative effects of rising interest rates and falling crude oil prices until the end of 2023, they will benefit from the expected easing of interest rates in 2024 and the recovery in crude oil prices. The traditional energy sector can also count on an imbalance between supply and demand that will intensify in 2024. In the financials segment, we prefer insurance to banking stocks, which will remain under-represented in our sector policy. We also favor the natural resources sector, which has been severely penalized in recent quarters by the absence of any tangible revival in China's economic momentum, and by the pessimistic global economic scenario influenced by the prospect of recession in Europe and very weak demand in the USA. In the consumer sector, our preference is for the consumption of non-essential goods and services.

Sectors - MSCI World (base at 100)



Sector Performance - MSCI World (base at 100)

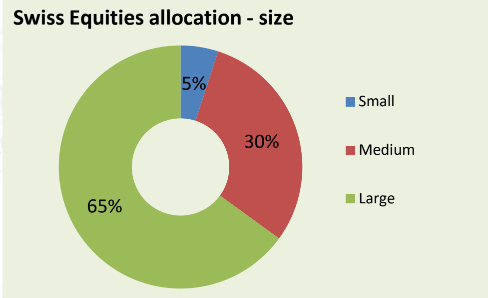


 Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

Swiss Equities

- Lower franc boosts outlook for Swiss equities
- Profits back on track after a difficult 1st quarter
- Small and mid caps favored in 2024



Tactical allocation

- Overweight mid caps
- Focus on stocks with solid margins

EQUITIES capitalization	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Small	↗	↗							
Medium	↗↗	↗							
Large	↗	↗							

Lower franc boosts outlook for Swiss equities

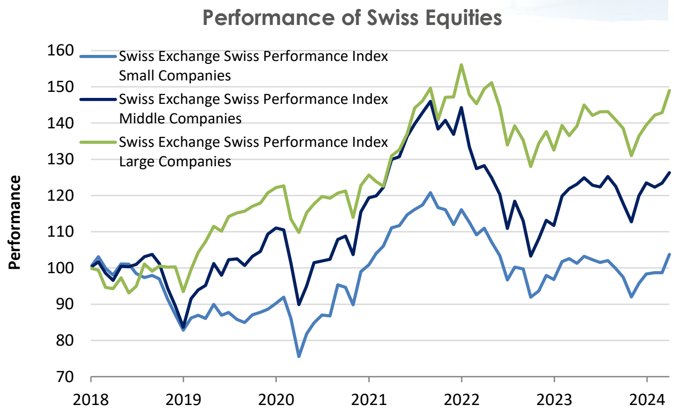
The stock market recovery we were expecting to see at the end of 2023 took shape in February, after a few weeks of consolidation. Despite the resumption of an upward trend, Swiss equities, which had already underperformed international indices in 2023, have once again started the year by posting lower gains than the main developed stock market indices. The SMI's +4.5% rise is still below that of US (+7.4%), European (+9.7%) and Japanese (+18.6%) equities in local currencies. But this phase of underperformance could well come to an end, thanks to the expected weakness of the Swiss franc.

The Swiss equity market was certainly penalized by the strength of the Swiss franc until the end of the year and into 2024, despite the beginning of a decline in its value. The exchange rate has been a negative factor for the earnings of Swiss multinational and exporting companies, but this may finally change in 2024. As the franc's rise affected the competitiveness of certain exported products and services in 2023, sales by Swiss export companies were often maintained at the expense of corporate margins. As a result, the strength of the franc had weighed heavily on profit estimates expressed in Swiss francs. However, the situation now looks less negative, thanks to expected developments in SNB policy. Further key rate cuts and the end of SNB purchases of Swiss francs will help to weaken the franc. The latter should encourage a reassessment of earnings prospects and support the continuation of the current uptrend. The outlook for the Swiss market remains positive for 2024, especially for secondary stocks (mid caps and smaller), whose performance should outperform that of the blue chips.

Profits back on track after perhaps another difficult 1st quarter

The strength of the Swiss franc in Q4 is likely to have a further major impact in Q1 2024. This will potentially have the greatest impact on the competitiveness of Swiss exporters. It will undoubtedly be several quarters before the impact of the recent trade-weighted franc weakness again begins to support international demand for Swiss products. The strength of the franc is just one aspect of the problems facing Swiss exporters, which are mirrored by the collapse of competing currencies such as the yen. Since January 2023, the franc had appreciated by +8% against the dollar and the euro (+5.8%), before declining in the 1st quarter of 2024 by -7.5% and -5.6% respectively. Against the yen, however, the franc has not yet really weakened after declining by -18% in 2023.

The fall in interest rates is definitely a positive factor for discounting the future profits of Swiss companies and their stock market valuations, which can potentially be traded at a higher PE level in international comparison. Thus, the PE of Swiss equities may seem a little expensive at around 17x twelve-month earnings for the SMI. The PE of the European market (14x) is indeed much lower, and driven down by valuations in Spain and Italy. The comparison is even starker for UK equities (11.6x). The PE of Swiss stocks is only cheap in relation to US stocks, with the S&P500 valued at 21.6x earnings. Swiss companies will need to show much better earnings growth for the 2nd half of the year to attract the interest of foreign investors. Domestic investors, on the other hand, may find that the quality of Swiss companies and the potential trend reversal in their profitability may be sufficient factors to expect an outperformance of the SMI or SPI indices. For our part, we believe it will be difficult to envisage a positive relative performance for our domestic market.



SWISS EQUITIES - Capitalization

31.03.2024 — Total Return Performance

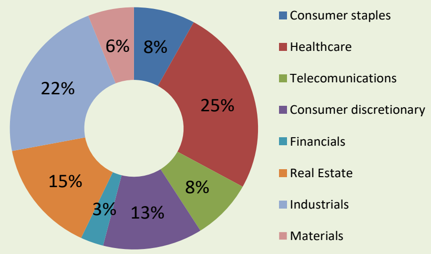
Name	Last price	7 d %	1 m %	3 m %	6 m %	YTD %
SPI SWISS PERFORMANCE INDX	15442.9	0.9	3.9	6.0	7.5	6.0
SPI SMALL COMPANIES INDX	28726.0	2.2	5.1	5.5	6.5	5.5
SPI MIDDLE COMPANIES INDX	20913.4	0.7	2.3	2.3	7.2	2.3
SPI LARGE COMPANIES INDX	14885.3	0.9	4.3	6.8	7.5	6.8

PROSPECTS AND STRATEGIES

Swiss Equities - Sectors

SWISS EQUITIES Sectors	Expected Return 3months	Expected Return 1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Consumer staples	↗	↗							
Healthcare	↗	↗							
IT & T	↗	↗							
Consumer discretionary	↗	↗							
Financials	→	→							
Real Estate	↗	↗							
Industrials	↗	↗							
Materials	↗	↗							

Swiss Equities allocation - sectors



Tactical allocation

- Beware of excessive valuations
- Underweight blue chips
- Underweight financials

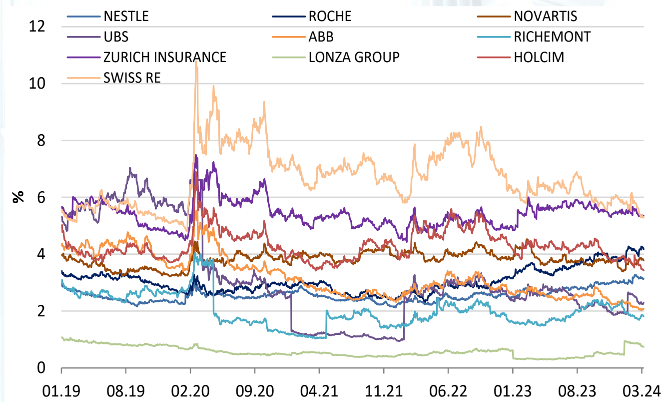
Bullish recovery dependent on a weaker Swiss franc?

The strength of the Swiss franc had affected the competitiveness of certain exported products and services, and contributed to a decline in estimates of profits earned abroad and expressed in Swiss francs. We believe that the expected developments will reverse these parameters and become supporting factors for a renewed uptrend in Swiss equities over the coming months. Earnings expectations do not take into account the weakening of the franc, which should favor a gradual upgrading of prospects in 2024.

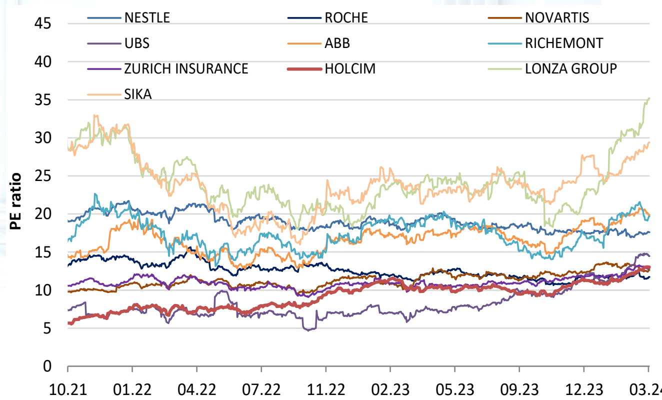
Small and mid caps favored in 2024

With the new monetary policy paradigm finally taking hold in Switzerland since the SNB's latest decision to lower its key interest rate after a long pause in its rate hike policy, we expect this lasting change of lower interest rates and improved financing costs for companies to have a positive impact on their valuations. This trend, coupled with a noticeably weaker Swiss franc, will have a positive impact on earnings estimates for Swiss companies, particularly for small and medium-sized stocks. In terms of investment policy, we therefore recommend favoring these stocks over the big Swiss blue chips.

Dividend Yield - Top 10



PE ratio - Top 10

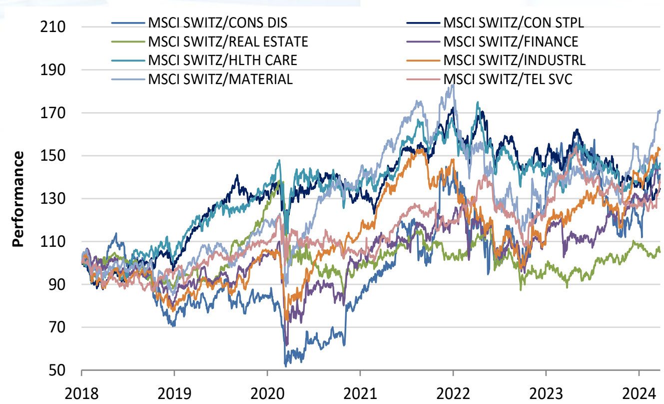


SWISS EQUITIES - BY SECTOR

31.03.2024 Total Return Performance

Name	Last price	7 d %	1 m %	3 m %	6 m %	YTD %
MSCI SWITZ/CONS DIS	427.8	2.9	-1.5	15.2	17.7	15.2
MSCI SWITZ/CON STPL	321.0	1.3	4.1	-1.3	-6.7	-1.3
MSCI SWITZ/FINANCE	72.2	-0.4	5.7	9.5	17.1	9.5
MSCI SWITZ/HLTH CARE	173.5	1.3	2.9	6.0	2.7	6.0
MSCI SWITZ/INDUSTRL	251.1	-0.1	1.7	7.7	21.6	7.7
MSCI SWITZ/MATERIAL	465.2	0.4	10.0	11.0	24.8	11.0
MSCI SWITZ/REAL ESTATE	990.0	-2.0	2.7	-3.5	3.3	-3.5
MSCI SWITZ/TEL SVC	104.2	3.0	9.1	9.0	1.3	9.0

Sector Performance - Swiss Equities

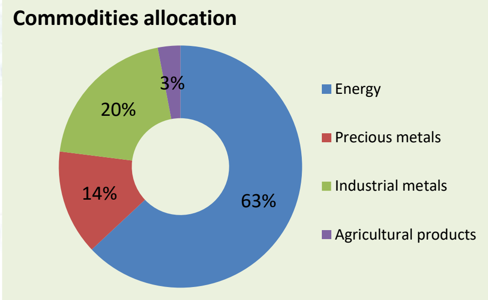


Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

Commodities

- Crude oil prices could rise by +10% to +15% in 2024
- Investment demand has yet to support gold
- Promising trend reversal for industrial metals



COMMODITIES	Expected Return 3months	1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Energy	↗↗	↗↗							
Precious metals	↗↗	↗↗							
Industrial metals	↗↗	↗↗							
Agricultural products	↗↗	↗↗							

Tactical allocation

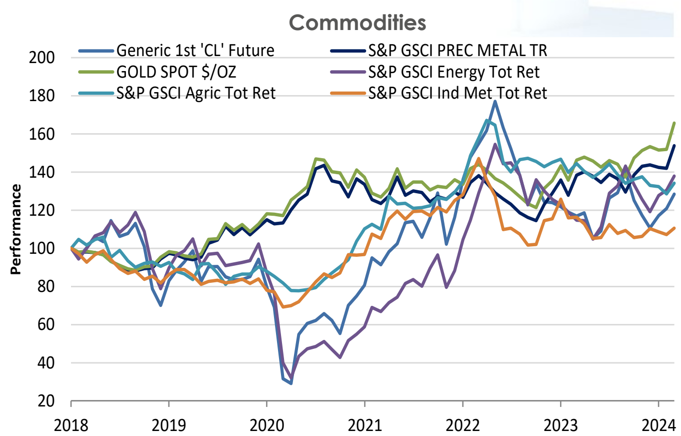
- Overweight energy, precious metals and industrials
- Underweight agricultural products

Commodities take off again in Q1

When it comes to recent fluctuations in commodities, one quarter follows another, and there's no resemblance at all. Indeed, after a last quarter of 2023 marked by profit-taking and a -10.73% fall in the S&P Goldman Sachs Commodities Index, the 1st quarter saw the complete opposite take shape, with a +10.36% rise. As in Q3 2023 (+15.98%), commodities once again benefited from the rise in oil prices (+16.08%) above all, but also from gold prices (+7.03%). The volatility of crude oil prices has been relatively high, judging by developments over the last three quarters (+28.52%, -21.08% and +16.08%), while the trend was much clearer for gold (-3.68%, +11.6% and +7.03%). Over the last three quarters, the overall rise in commodities has taken place against a backdrop that is ultimately positive for the trade-weighted dollar, which edged up by +1.53% over nine months (+3.17%, -4.56% and +3.11%).

While the first few months of 2024 have certainly been weak in the European Union, the United Kingdom and Japan in particular, our GDP growth expectations are based on a dynamic still close to +2% in the United States and on a moderate recovery in activity in Europe after a short phase of stagnation. The outlook for global growth is positive, and in excess of +3% in 2024, although this estimate could still be raised depending on the reaction of developed and emerging economies to the next phase of coordinated key-rate cuts.

Asia, and China in particular, will benefit from improved conditions in the industrialized countries, and should also see their external demand strengthen. After waiting a long time for the Chinese economy to recover, it is now likely that it will gain momentum and revitalize itself. Commodities will be favorably impacted by the return of Chinese demand, which will be one of the main factors putting pressure on crude oil prices and industrial metals in particular.



Crude oil prices could rise by +10% to +15% in 2024

Volatility has continued to be a major feature of the energy segment in recent months. In particular, crude oil prices have fluctuated wildly according to economic scenarios and the assessment of crude oil demand trends in these various scenarios. As far as supply was concerned, the scenario seemed less volatile, due in particular to OPEC's policy, which has remained relatively clear and stable in recent quarters. Oil production remains closely linked to and constrained by the main OPEC producer countries, which have decided to maintain their reduced production levels until further notice.

Geopolitical aspects have also had a punctual influence on prices since October 7, 2023. Since then, tensions in the Persian Gulf and attacks on ships using the Suez Canal have often added uncertainty to the delivery times of crude oil cargoes bound for Europe, thereby supporting prices. The organization of a US-led international interposition force to protect commercial vessels has been enough to reassure markets in recent weeks, but it is not certain that this will be enough to eliminate uncertainty, at a time when transport costs have risen sharply.

In terms of supply and demand, while production seems relatively stable, the same cannot be said for demand. Demand for crude is expected to rise by almost 2mbpd in 2024.

COMMODITIES (USD)

31.03.2024 — Total Return Performance

	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
GLOBAL	S&P GSCI Tot Return Indx	3693.3	USD	1.5	4.7	10.4	-1.5	10.4
WTI CRUDE	Generic 1st 'CL' Future	83.2	USD	3.2	6.3	16.1	-8.4	16.1
BRENT OIL	Generic 1st 'CO' Future	87.5	USD	2.4	4.6	13.6	-8.2	13.6
NATURAL GAS	Generic 1st 'NG' Future	1.8	USD	6.3	-5.2	-29.9	-39.8	-29.9
GOLD	GOLD SPOT $/OZ	2229.9	USD	3.0	9.1	8.1	20.6	8.1
SILVER	Silver Spot $/Oz	25.0	USD	1.2	10.1	4.9	12.6	4.9
AGRICULTURE	S&P GSCI Agric Indx Spot	386.0	USD	1.3	3.9	-0.2	0.0	-0.2
INDUSTRIAL METALS	S&P GSCI Ind Metal Spot	423.3	USD	0.0	3.1	0.2	0.7	0.2

But it seems to us that, overall, growth expectations for the world economy in 2024 are certainly still cautious and do not sufficiently reflect the potential that could develop in the 2nd half of the year in an environment characterized by resolutely accommodating monetary policies and a downward adjustment of yield curves. We believe that growth in the developed countries is currently underestimated, as is that of China, in our assessment of global demand for crude oil over the next three quarters. Our outlook for WTI and Brent prices is therefore based on demand slightly outstripping supply, which will support a continuation of current price rises. WTI prices can therefore easily move towards $100 a barrel, while Brent prices will approach $105 a barrel over the next few months.

Investment demand has yet to boost gold prices

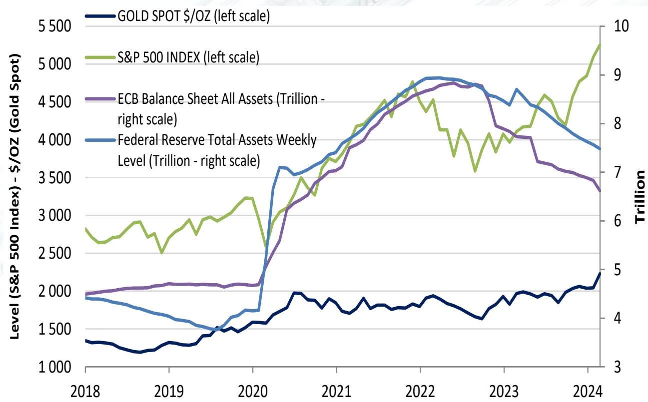
The last quarter was a good one for precious metals, which recorded an overall rise of +7.05%, following an increase of +10.99% in the 4th quarter. The price of the yellow metal has soared to new heights in recent days, having long stabilized at levels close to its previous peaks of 2020, 2022 and 2023, just below $2,100 an ounce. In 2023, gold prices failed to resist profit-taking on the approach to all-time highs, while the stock market environment was characterized by tightening monetary conditions and rising bond yields. A few weeks ago, we felt that the approach of the next Fed rate cut date would be a positive factor for a return of investor interest in the yellow metal, while the recent rebound in long rates was also, in our view, coming to an end. Further downward adjustments in rates will contribute to a further rise in gold prices. We believe that investors are still largely under-exposed to gold, and that a simple revival of interest would have major consequences for gold in the present context. The flow of investment into physical gold is only just picking up, which leaves considerable potential for demand to increase over the coming months. Our outlook is still positive, although recent developments are already profitable enough to trigger some profit-taking.

Promising trend reversal for industrial metals

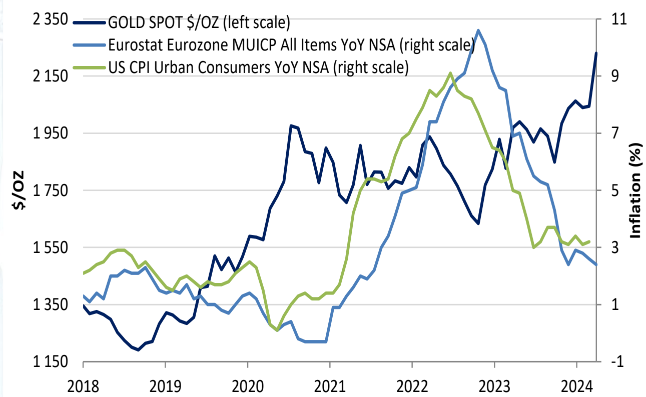
Industrial metals largely lagged behind the general trend in commodities in Q1 2024, and still don't seem to be in favor with investors. With an imperceptible increase of barely +0.25%, the segment is clearly underperforming other commodities. Yet this near-stagnation masks a certain disparity in performance between the various metals, with copper up a modest +3.6% and zinc down -8.24%. Since the last crisis linked to Russia's invasion of Ukraine, which saw industrial metals prices soar by around +50% in just a few days, a steady decline has followed, with the Bloomberg Industrial Metals Index plunging by -50% to finally hit a low on February 12, 2024. At the end of the quarter, the industrial metals segment was still largely penalized by a mixed global growth outlook, affected by lower-than-expected Chinese growth and by the probably overestimated risk of recession in Europe.

However, inventory levels for most industrial metals are particularly low, and will not easily become an adjustment variable in the event of an upturn in demand. This is bound to have a further positive impact on prices. A reversal of the upward trend is expected for aluminum, copper, cobalt and nickel. The new industrial metal requirements needed to implement the energy transition are also an extremely important factor in global demand trends. The fall in capex in recent years continues to weigh on supply levels, thereby limiting the risk of a sharp rise in inventories. Our outlook is positive for all industrial metals, which will benefit from rising demand for infrastructure, wind power projects, rail and the rapidly developing electric automotive sector. The 2nd quarter of 2024 may well be the turning point for this very depressed and neglected raw materials segment.

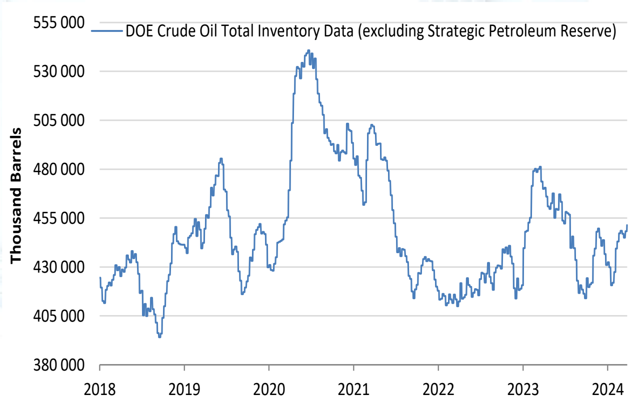
High correlation between Gold and Global Liquidity



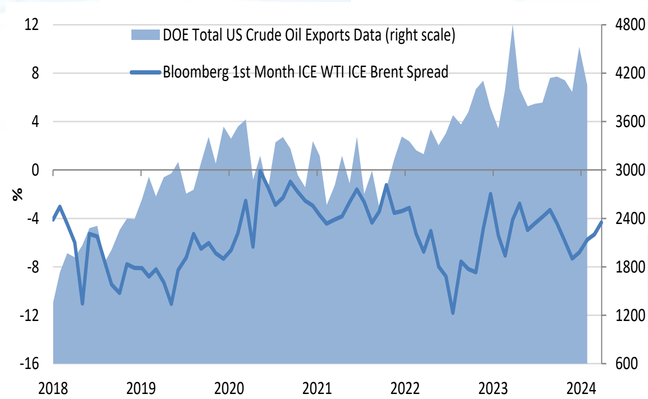
High correlation between Gold and Inflation



Oil Inventories (United States)



Price differential between WTI and Brent Oil



Graph sources: BearBull Group | Bloomberg

PROSPECTS AND STRATEGIES

Hedge Funds

- Positive first quarter for alternative investments

The alternative investment segment closed its best first quarter since 2021. Indeed, all strategies posted positive performances during Q1 2024. Led by Macro/CTA strategies, which benefited from the main macroeconomic concerns of the period. These uncorrelated strategies drove gains across the sector in March and Q1, as investors positioned themselves on an improving economic outlook, receding inflation and a forthcoming inflexion in central bank monetary policies, despite growing geopolitical uncertainties. The HFRI Macro CTA index jumped +2.5% over the month and ended the quarter at +5.9%, its best quarterly performance since 2003.

Equity Hedge (EH) funds, which invest long- and short-term in specialized sub-strategies, also performed well in March, with gains driven by exposure to energy, quantitative directional and healthcare. The HFRI Equity Hedge index jumped 1.3% during the month, bringing the first-quarter gain to +3.4%. EH sub-strategy performance was led by the HFRI EH: Energy/Basic Materials index, which jumped +3.8% in March.

Event-Driven (ED) strategies, which often focus on exposure to deep value stocks and M&A speculation, also advanced in March, with gains led by special situations. The HFRI Event-Driven (Total) index gained 2.2% over the month, increasing its first-quarter return to 2.9%.

Private Equity

- New positive momentum for private markets

The year 2023 ended negatively for the private markets segment. Indeed, the impact of rising inflation in most developed markets and the ensuing meteoric rise in interest rates severely penalized the asset class. The US banking crisis exacerbated investors' aversion to this risky asset class. The number of transactions fell in 2023 by -29.5% compared with 2022 and -45.5% compared with the record year of 2021.

As a result of this slowdown in activity, the valuations of potential transactions have also fallen, returning to levels more acceptable to investors. At the same time, a number of indicators point to a return to normal for the segment. Inflation declined steadily in 2023, then stabilized in the US in recent months, and the cycle of rising interest rates is well and truly behind us. These factors have already had a very positive effect on listed markets, and we have seen a strong uptrend in equity markets over the past 6 months, a trend which has not yet had its full effect on private markets, despite excellent performances in Q1. What's more, due to the slowdown in transactions during 2023, North American private equity firms have been holding the assets that make up their strategies for a record 6.4 years, the longest holding period ever, and investors are demonstrating their need for liquidity before considering new investments. On the other side of the equation, fund-raising continued throughout 2023, despite the global slowdown. As a result, private equity firms have an unprecedented amount of cash (955.7 billion) that they did not invest during the period. The alignment of positive macroeconomic factors over the coming months should revitalize this sector as early as the first part of 2024.

HEDGE FUNDS (USD)

31.03.2024 — Total Return Performance

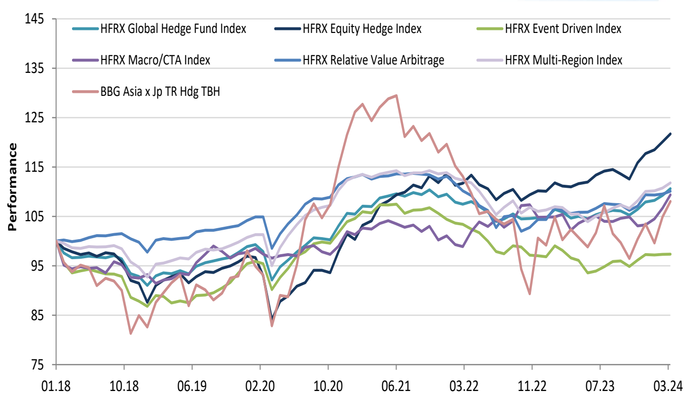
	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
GLOBAL	HFRX Global Hedge Fund Index	1445.7	USD	0.1	1.3	2.5	4.3	2.5
EQUITY HEDGE	HFRX Equity Hedge Index	1599.6	USD	0.0	1.3	3.4	7.1	3.4
EVENT DRIVEN	HFRX Event Driven Index	1670.6	USD	0.3	1.1	1.3	2.7	1.3
MACRO/CTA	HFRX Macro/CTA Index	1321.2	USD	0.5	2.5	5.9	4.5	5.9
RELATIVE VALUE ARBITRAGE	HFRX Relative Value Arbitrage	1318.8	USD	0.0	0.5	0.7	2.6	0.7
MULTI-REGION	HFRX Multi-Region Index	1548.7	USD	0.2	0.9	1.6	4.2	1.6

PRIVATE EQUITY INDICES (EUR)

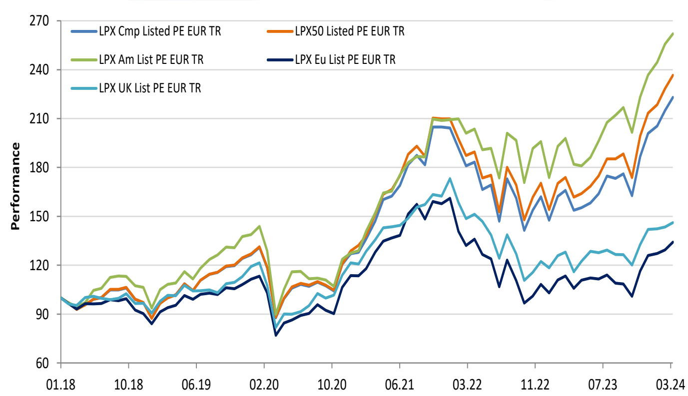
31.03.2024 — Total Return Performance

	Name	Last price	Curr.	7 d %	1 m %	3 m %	6 m %	YTD %
COMPOSITE	LPX Cmp Listed PE EUR TR	536.9	EUR	0.7	3.7	11.0	26.7	11.0
MAJOR COMPANIES	LPX50 Listed PE EUR TR	5350.0	EUR	0.8	3.6	10.9	25.7	10.9
USA	LPX Am List PE EUR TR	845.2	EUR	1.6	2.5	10.7	20.9	10.7
EUROPE	LPX Eu List PE EUR TR	1288.0	EUR	-0.4	3.7	6.5	23.6	6.5
UK	LPX UK List PE EUR TR	430.6	EUR	-0.4	1.9	2.9	15.5	2.9

Hedge Fund Indices



Private Equity Indices



Graph sources: BearBull Group | Bloomberg


MONTRES PRESTIGE
GENEVA
A UNIQUE PLACE
FOR UNIQUE WATCHES
LAURENT FERRIER
GENEVE
AUDEMARS PIGUET
Le Brassus
RESSENCE
BEYOND HANDS
A. Favre & fils
RICHARD MILLE
JACOB&CO
AKRIVIA
GENÈVE
SHAMBALLA JEWELS
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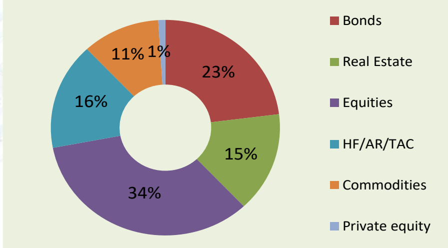
GLOBAL STRATEGY & ASSET ALLOCATION

GLOBAL STRATEGIES I ASSET ALLOCATION

Multi-asset portfolio CHF

- More favorable interest rate environment and monetary policy in 2024
- Positive outlook for bond and equity markets
- New opportunities in securitized real estate
- Favorable commodity supercycle

Asset allocation - CHF portfolio

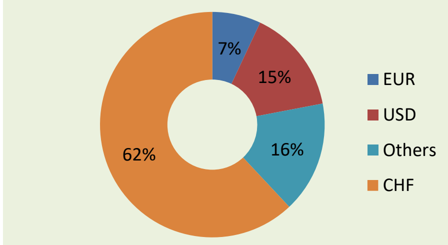


Tactical allocation

- Overweight equities and real estate
- Broad diversification into commodities

ASSETS	Expected Return 3months	1year	ALLOCATION (CHF Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Cash	→	→							
Bonds	↗	↗							
Real Estate	↗	↗							
Equities	↗	↗							
Hedge funds	↗	↗							
Commodities	↗	↗							
Private equity	→	↗							

Currency allocation - CHF portfolio



Asset allocation

The core of our investment strategy is composed of traditional liquid assets (cash, bonds, equities and real estate), complemented by other diversified and tradable assets (commodities, hedge funds, private equity, etc.). Today, the tactical allocation is largely diversified between asset classes. Equity exposure is once again more constructive, with a modified allocation following the sharp fall in share prices in 2022. The rate hikes observed in 2023 as a result of the restrictive monetary policies pursued by the central banks now offer new opportunities in the bond markets, particularly in the investment-grade segment. Real estate is more than ever an attractive source of diversification, offering attractive yields and a degree of protection in times of inflation. Precious metals and commodities are also favored in an uncertain environment, requiring optimal diversification between asset classes.

Bonds

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Real estate

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Currencies

The franc is likely to suffer from yield differentials that are largely unfavorable to the Swiss currency against both the dollar and the euro. We recommend exposure to other currencies offering higher yields and appreciation potential, given the SNB's decision to ease monetary policy.

Market performances - Q1 2024

		Q1 2024 local	Q1 2024 CHF	YTD local	YTD CHF
Exchange rates					
USD/CHF		7.1%		7.1%	
EUR/CHF		4.8%		4.8%	
GBP/CHF		6.1%		6.1%	
JPY/CHF		-0.1%		-0.1%	
Equity markets					
World	MSCI World USD	8.9%	16.6%	8.9%	16.6%
Europe	DJ Stoxx 600	7.7%	12.8%	7.7%	12.8%
Eurozone	DJ Eurostoxx 50	12.4%	17.8%	12.4%	17.8%
	MSCI Europe S.C.	3.1%	8.0%	3.1%	8.0%
Germany	Dax 30	10.4%	15.6%	10.4%	15.6%
France	Cac 40	8.8%	14.0%	8.8%	14.0%
United Kingdom	FTSE 100	2.8%	9.2%	2.8%	9.2%
Switzerland	SPI	6.0%	6.0%	6.0%	6.0%
	SMI	5.3%	5.3%	5.3%	5.3%
	MSCI Swiss S.C.	-2.0%	-2.0%	-2.0%	-2.0%
North America	SP500	10.2%	18.0%	10.2%	18.0%
	Nasdaq	9.1%	16.9%	9.1%	16.9%
	Tse 300	5.8%	11.1%	5.8%	11.1%
	SP600 Small C.	2.0%	9.3%	2.0%	9.3%
Japan	Nikkei 225	20.6%	20.5%	20.6%	20.5%
Emerging	MSCI EMF USD	1.9%	9.2%	1.9%	9.2%

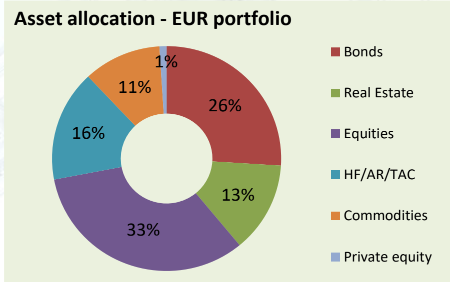
		Q1 2024 local	Q1 2024 CHF	YTD local	YTD CHF
Interest rates (3 months)		*(level)*			
CHF		1.50%			
EUR		3.89%			
USD		5.56%			
JPY		0.11%			
Bonds markets					
World	Citi Gr Global Govt USD	-2.4%	4.5%	-2.4%	4.5%
Europe	Euro Ser-E Gov > 1	-0.6%	4.1%	-0.6%	4.1%
United Kingdom	UK Ser-E Gov > 1	-1.8%	4.2%	-1.8%	4.2%
Switzerland	SBI Général AAA-BBB	0.5%	0.5%	0.5%	0.5%
	SBI Govt.	-0.3%	-0.3%	-0.3%	-0.3%
USA	US Ser-E Gov > 1	-1.0%	6.1%	-1.0%	6.1%
Japan	Japan Ser-E Gov > 1	-0.6%	-0.7%	-0.6%	-0.7%
Emerging	J.P. Morgan EMBI Global	1.4%	8.6%	1.4%	8.6%
Miscellaneaous					
	LPP 25 Index	3.9%	3.9%	3.9%	3.9%
	LPP 40 Index	5.6%	5.6%	5.6%	5.6%
	LPP 60 Index	8.2%	8.2%	8.2%	8.2%
Real Estate CH	DB RB Swiss Real Est Fd	6.6%	6.6%	6.6%	6.6%
Hedge Funds	Hedge Fund Research USD	5.3%	12.8%	2.2%	9.5%
Commodities	GS Commodity USD	10.4%	18.2%	10.4%	18.2%

Graph sources: BearBull Group | Bloomberg

GLOBAL STRATEGIES I ASSET ALLOCATION

Multi-asset portfolio EUR

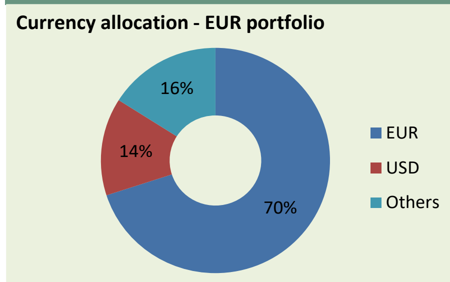
- More favorable interest rate environment and monetary policy in 2024
- Positive outlook for bond and equity markets
- New opportunities in securitized real estate
- Favorable commodity supercycle



Tactical allocation

- Overweight equities and real estate
- Broad diversification into commodities

ASSETS	Expected Return 3months	Expected Return 1year	ALLOCATION (EUR Portfolio) underweight ---	--	-	neutral =	overweight +	++	+++
Cash	→	→							
Bonds	↗	↗							
Real Estate	↗	↗							
Equities	↗	↗							
Hedge funds	↗	↗							
Commodities	↗	↗							
Private equity	→	↗							



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Real estate

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Currencies

We continue to recommend significant exposure to euros, while adopting a policy of diversifying opportunities outside the European currency.

Market performances - Q1 2024

		Q1 2024 local	Q1 2024 EUR	YTD local	YTD EUR
Exchange rates					
USD/EUR		2.3%		2.3%	
CHF/EUR		-4.5%		-4.5%	
GBP/EUR		1.4%		1.4%	
JPY/EUR		-4.7%		-4.7%	
Equity markets					
World	MSCI World USD	8.9%	11.3%	8.9%	11.3%
Europe	DJ Stoxx 600	7.7%	7.7%	7.7%	7.7%
Eurozone	DJ Eurostoxx 50	12.4%	12.4%	12.4%	12.4%
	MSCI Europe S.C.	3.1%	3.1%	3.1%	3.1%
Germany	Dax 30	10.4%	10.4%	10.4%	10.4%
France	Cac 40	8.8%	8.8%	8.8%	8.8%
United Kingdom	FTSE 100	2.8%	4.3%	2.8%	4.3%
Switzerland	SPI	6.0%	1.2%	6.0%	1.2%
	SMI	5.3%	0.5%	5.3%	0.5%
	MSCI Swiss S.C.	-2.0%	0.2%	-2.0%	0.2%
North America	SP500	10.2%	12.7%	10.2%	12.7%
	Nasdaq	9.1%	11.6%	9.1%	11.6%
	Tse 300	5.8%	5.8%	5.8%	5.8%
	SP600 Small C.	2.0%	4.3%	2.0%	4.3%
Japan	Nikkei 225	20.6%	15.0%	20.6%	15.0%
Emerging	MSCI EMF USD	1.9%	4.2%	1.9%	4.2%

		Q1 2024 local	Q1 2024 EUR	YTD local	YTD EUR
Interest rates (3 months)	*(level)*				
CHF		1.50%			
EUR		3.89%			
USD		5.56%			
JPY		0.11%			
Bonds markets					
World	Citi Gr Global Govt.USD	-2.4%	-6.9%	-2.4%	-6.9%
Europe	Euro Ser-E Gov > 1	-0.6%	-0.6%	-0.6%	-0.6%
United Kingdom	UK Ser-E Gov > 1	-1.8%	-0.4%	-1.8%	-0.4%
Switzerland	SBI Général AAA-BBB	0.5%	-4.1%	0.5%	-4.1%
	SBI Govt.	-0.3%	-4.8%	-0.3%	-4.8%
USA	US Ser-E Gov > 1	-1.0%	1.3%	-1.0%	1.3%
Japan	Japan Ser-E Gov > 1	-0.6%	-5.2%	-0.6%	-5.2%
Emerging	J.P. Morgan EMBI Global	1.4%	3.7%	1.4%	3.7%
Miscellaneaous					
	LPP 25 Index	3.9%	-0.9%	3.9%	-0.9%
	LPP 40 Index	5.6%	0.8%	5.6%	0.8%
	LPP 60 Index	8.2%	3.3%	8.2%	3.3%
Real Estate CH	DB RB Swiss Real Est Fd	6.6%	6.6%	6.6%	1.8%
Hedge Funds	Hedge Fund Research USD	5.3%	7.7%	2.2%	4.5%
Commodities	GS Commodity USD	10.4%	12.9%	10.4%	12.9%

Graph sources: BearBull Group | Bloomberg

GLOBAL STRATEGIES I ASSET ALLOCATION

Multi-asset portfolio USD

- More favorable interest rate environment and monetary policy in 2024
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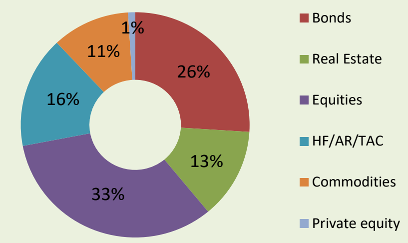
- New opportunities in securitized real estate
- Favorable commodity supercycle

Asset allocation - USD portfolio

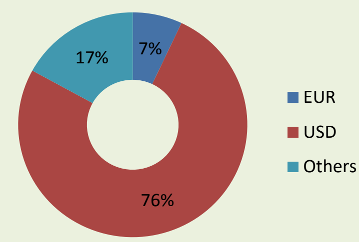


Tactical allocation

- Overweight equities and real estate
- Broad diversification into commodities

ASSETS	Expected Return		ALLOCATION (USD Portfolio)						
			underweight			neutral	overweight		
	3months	1year	---	--	-	=	+	++	+++
Cash	→	→							
Bonds	↗	↗							
Real Estate	↗	↗							
Equities	↗	↗							
Hedge funds	↗	↗							
Commodities	↗	↗							
Private equity	→	↗							

Currency allocation - USD portfolio



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Currencies

We continue to recommend significant exposure to dollars, while adopting a policy of diversifying opportunities outside the greenback.

Performance des marchés - Q1 2024

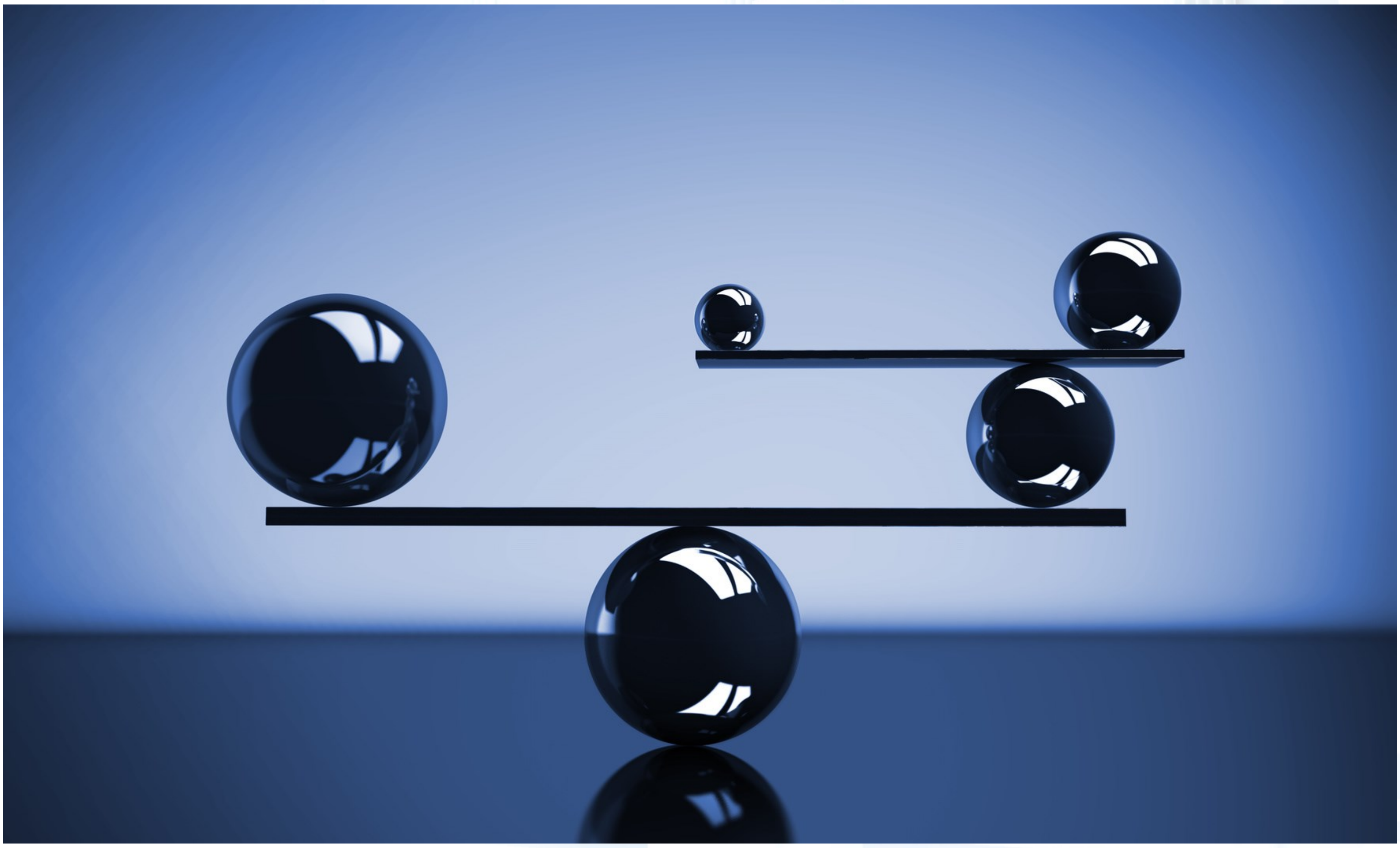
		Q1 2024		YTD	
		local	USD	local	USD
Devises					
CHF/USD		-6.7%		-6.7%	
EUR/USD		-2.3%		-2.3%	
GBP/USD		-0.8%		-0.8%	
JPY/USD		-6.8%		-6.8%	
Marchés actions					
Monde	MSCI World USD	8.9%	8.9%	8.9%	8.9%
Europe	DJ Stoxx 600	7.7%	5.2%	7.7%	5.2%
Eurozone	DJ Eurostoxx 50	12.4%	9.9%	12.4%	9.9%
	MSCI Europe S.C.	3.1%	0.8%	3.1%	0.8%
Allemagne	Dax 30	10.4%	7.9%	10.4%	7.9%
France	Cac 40	8.8%	6.3%	8.8%	6.3%
Royaume Uni	FTSE 100	2.8%	2.0%	2.8%	2.0%
Suisse	SPI	6.0%	-1.1%	6.0%	-1.1%
	SMI	5.3%	-1.7%	5.3%	-1.7%
	MSCI Swiss S.C.	-2.0%	-2.0%	-2.0%	-2.0%
Amérique Nord	SP500	10.2%	10.2%	10.2%	10.2%
	Nasdaq	9.1%	9.1%	9.1%	9.1%
	Tse 300	5.8%	3.5%	5.8%	3.5%
	SP600 Small C.	2.0%	2.0%	2.0%	2.0%
Japon	Nikkei 225	20.6%	12.4%	20.6%	12.4%
Emerging	MSCI EMF USD	1.9%	1.9%	1.9%	1.9%

		Q1 2024		YTD	
		local	USD	local	USD
Taux d'intérêt à 3 mois		*(niveau)*			
CHF		1.50%			
EUR		3.89%			
USD		5.56%			
JPY		0.11%			
Marchés obligataires					
Monde	Citi Gr Global Govt.USD	-2.4%	-8.9%	-2.4%	-8.9%
Europe	Euro Ser-E Gov > 1	-0.6%	-2.9%	-0.6%	-2.9%
Royaume Uni	UK Ser-E Gov > 1	-1.8%	-2.6%	-1.8%	-2.6%
Suisse	SBI Général AAA-BBB	0.5%	-6.2%	0.5%	-6.2%
	SBI Govt.	-0.3%	-7.0%	-0.3%	-7.0%
USA	US Ser-E Gov > 1	-1.0%	-1.0%	-1.0%	-1.0%
Japon	Japan Ser-E Gov > 1	-0.6%	-7.4%	-0.6%	-7.4%
Emerging	J.P. Morgan EMBI Global	1.4%	1.4%	1.4%	1.4%
Divers					
	Indice LPP 25	3.9%	-3.1%	3.9%	-3.1%
	Indice LPP 40	5.6%	-1.4%	5.6%	-1.4%
	Indice LPP 60	8.2%	1.0%	8.2%	1.0%
Immobilier CH	DB RB Swiss Real Est Fd	6.6%	6.6%	6.6%	-0.5%
Alternatif	Hedge Fund Research USD	5.3%	5.3%	2.2%	2.2%
Matières prem.	GS Commodity USD	10.4%	10.4%	10.4%	10.4%

Graph sources: BearBull Group | Bloomberg

BearBull Global Investments Group

INVESTMENT THEME
FOCUS



INVESTMENT THEME

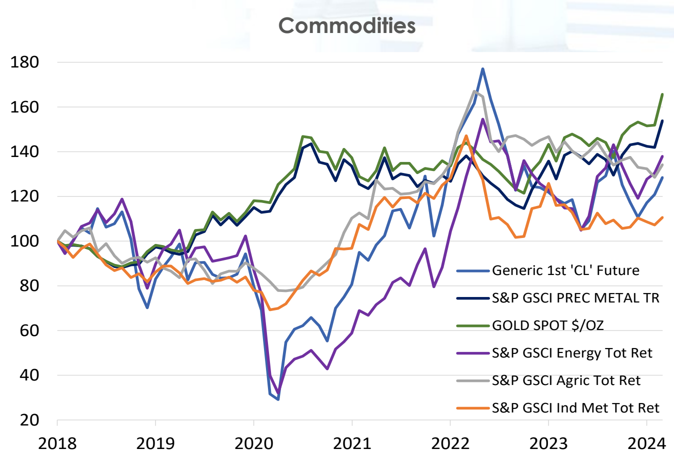
Further rise in commodity prices in 2024

- Crude oil prices could rise by +10% to +15% in 2024
- Potential rebound in natural gas prices from $1.5 to $2.5 MMBtu
- Target of $32 to $35 per ounce for silver not unrealistic
- Promising trend reversal for industrial metals.

Further rise in commodity prices in 2024

When it comes to recent fluctuations in commodities, one quarter follows another, and they're not at all alike. Indeed, after a last quarter of 2023 marked by profit-taking and a -10.73% drop in the S&P Goldman Sachs Commodities Index, the 1st quarter saw the complete opposite take shape, with an increase of +10.36%. As in Q3 2023 (+15.98%), commodities once again benefited from the rise in oil prices (+16.08%) above all, but also from gold prices (+7.03%). The volatility of crude oil prices has been relatively high, judging by trends over the last three quarters (+28.52%, -21.08% and 16.08%), while the trend was much clearer for gold (-3.68%, +11.6% and +7.03%). Over the last three quarters, the overall rise in commodities has taken place in an ultimately positive context for the trade-weighted dollar, which edged up by +1.53% over nine months (+3.17%, -4.56% and +3.11%).

While the first few months of 2024 have certainly been weak economically in the European Union, the United Kingdom and Japan in particular, our expectations for national GDP growth in the coming quarters are more positive and are based on a dynamic still close to +2% in the USA and on a moderate upturn in activity in Europe after a short phase of economic stagnation. The outlook for global growth is therefore favorable, and in excess of +3% in 2024, although this estimate could be raised further depending on the reaction of developed and emerging economies to the next phase of coordinated key-rate cuts. Asia, and China in particular, will benefit from improved economic conditions in industrialized countries, which should enable their foreign demand to strengthen. After a long wait for economic recovery in China, it is now likely that the economy is gaining momentum and revitalizing itself



Sources: Bloomberg, BBGI Group SA

Commodities will be favorably impacted by this acceleration of growth in China, which will necessarily have an impact on demand for commodities. China's recovery is likely to be one of the main factors behind renewed upward pressure on crude oil prices and industrial metals in particular. We believe that commodities will benefit in 2024 from a strengthening of demand and upward price trends in the three main segments (energy, precious metals and industrial metals).

Crude oil prices could rise by +10% to +15% in 2024

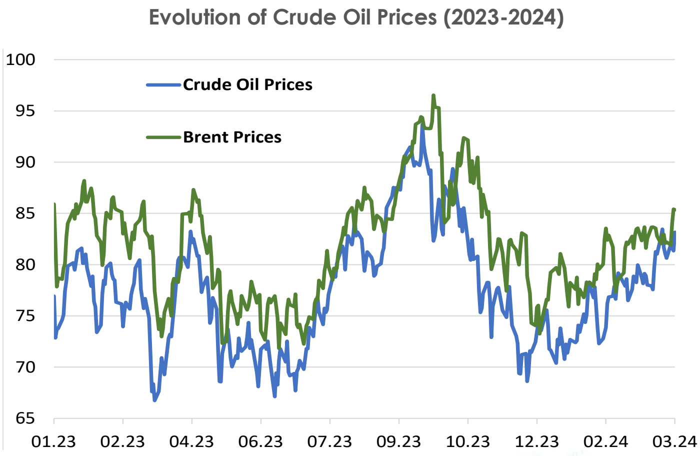
Volatility has continued to be a major feature of the energy segment in recent months. In particular, crude oil prices have fluctuated wildly according to economic scenarios and the assessment of crude oil demand trends in these various scenarios. As far as supply was concerned, the scenario seemed less volatile, in particular due to OPEC's policy, which has remained relatively clear and stable in recent quarters. Oil production remains tightly bound and constrained by the main OPEC producing countries, which have decided to maintain their reduced production levels until further notice.

Geopolitical aspects also had a punctual influence on prices from October 7, 2023 onwards. Developments since then in tensions in the Persian Gulf and attacks on ships using the Suez Canal route have often added uncertainty to the delivery times of crude oil cargoes bound for Europe, and thus supported prices. The organization of a US-led international interposition force to protect commercial vessels has been enough to reassure markets in recent weeks, but it is not certain that this will be enough to eliminate uncertainty, at a time when transport costs have risen sharply.

In terms of supply and demand, while production seems relatively stable, the same cannot be said of demand. Demand for crude is expected to rise by almost 2mbpd in 2024.

But it seems to us that, overall, growth expectations for the global economy in 2024 are certainly still cautious and do not sufficiently reflect the potential that could develop in the 2nd half of the year in an environment characterized by resolutely accommodating monetary policies and a downward adjustment of yield curves. We believe that growth in developed countries is currently underestimated, as is that of China, in our assessment of global crude oil demand over the next three quarters.

Our outlook for WTI and Brent prices is therefore based on demand slightly outstripping supply, which will support a continuation of current price rises. WTI prices can therefore easily move towards $100 a barrel, while Brent prices will approach $105 a barrel over the next few months.



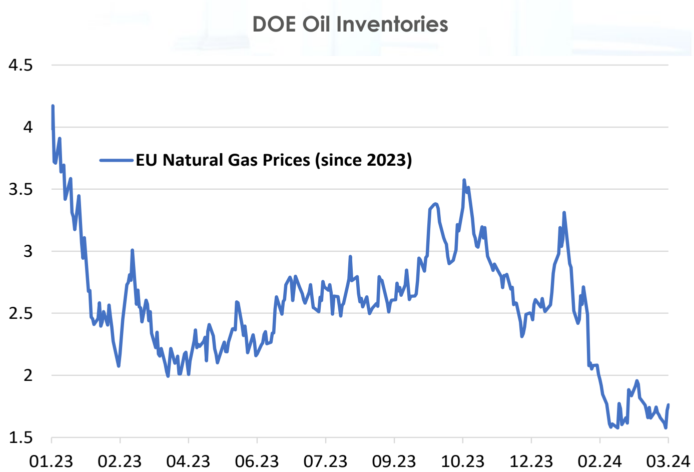
Sources: Bloomberg, BBGI Group SA

Potential rebound in natural gas prices from $1.5 to $2.5 MMBtu

Natural gas ended the quarter in last place among the twenty-four commodities in the S&P GSCI universe, with a price collapse of -29.87%. In 2023, the United States emerged as the world's leading LNG exporter, ahead of Australia (10.5 Bcf/d), Qatar (10.1 Bcf/d), Russia and Malaysia (around 4 Bcf/d), exporting no less than 11.9 Bcf/d and recording an increase in exports of almost +13%. Europe was once again the main consumer of liquefied natural gas, accounting for 66% of US exports. According to the US Energy Information Administration (EIA), US gas export capacity is set to more than double to 24.3 Bcfd by 2027. Export capacities are also expected to rise in Canada and Mexico.

Demand for liquefied natural gas is also set to rise sharply, by an estimated +50% over the next fifteen years. In the short term, demand seems to be growing more strongly in Asia than in Europe, due to the still low level of industrial production in Europe and a relatively mild winter that has had little effect on stocks, which are now well above their historical average.

LNG consumption is also expected to grow by +2.5% in 2024, which should support the current change in perception of immediate price trends. The price collapse seen between January and February was then followed by a consolidation phase above $1.5 MMBtu, which could now be followed by a very significant recovery with the expected economic recovery in Asia. US natural gas prices may benefit from this positive trend to regain the $2.5 MMBtu level over the coming months.



Sources: Bloomberg, BBGI Group SA

Investment demand has yet to support gold

The last quarter was a good one for precious metals, which recorded an overall increase of +7.05%, following on from an already impressive +10.99% rise in the 4th quarter. The price of the yellow metal has soared to new heights in recent days, after long stabilizing at levels close to its previous peaks of 2020, 2022 and 2023, just below $2,100 an ounce. In 2023, gold prices were unable to resist profit-taking on the approach to all-time highs, while the stock market environment was characterized by tightening monetary conditions and rising bond yields. A few weeks ago, we were of the opinion that the approaching Fed rate cut date would be a favourable factor for a return of investor interest in the yellow metal, while the recent rebound in long rates was also, in our view, coming to an end. Further downward adjustments in rates will contribute to a further rise in gold prices. We believe that investors are still largely under-exposed to gold, and that a simple revival of interest would have significant consequences for gold in the present context. The flow of investment into physical gold is only just picking up, which leaves considerable potential for demand to increase over the coming months. Our outlook is still positive, although recent developments are already profitable enough to trigger some profit-taking. In this specific context, the current trend may yet advance towards the $2,400 to $2,500 an ounce level, but it may well then be subject to more significant profit-taking.

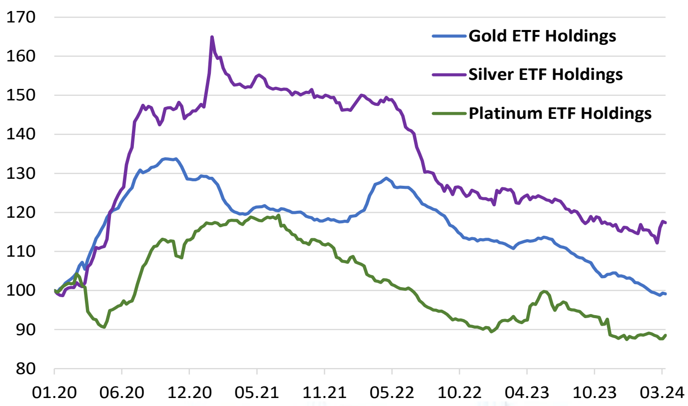
Silver's target of $32 to $35 an ounce is not unrealistic

Silver prices have finally followed those of gold in 2024. Over the 1st quarter, silver rose by +4.91%, slightly less than gold. The gold/silver ratio therefore deteriorated further, moving away from its historical average. We believe that, despite this good performance, silver prices remain too low and do not reflect the very positive fundamentals of the current market. Industrial and jewelry demand is expected to grow strongly over the next ten years, particularly in connection with the energy transition. Demand for the booming solar sector is extremely robust, as is that linked to the production of electric vehicles. These two sectors will strongly influence global demand for silver over the coming decades. In the long term, the industry's needs may well exceed current production and reserves. The physical market was already in disequilibrium in 2022, with demand exceeding production, which was also in slight decline, by more than 230 million ounces. The current trend is similar, highlighting the fact that recent imbalances have already largely offset the surpluses of the previous decade. Silver, like gold, is also an alternative to the dollar and to money in general. In a global environment still characterized by growing mistrust of the United States on the part of the world's major economies, such as China, India and Brazil, de-dollarization logically involves these countries and their central banks reducing the weight of their dollar reserves and increasing the weight of physical investments in gold and silver. This underlying trend will be long-lasting and potentially growing. It is also confirmed by statistics showing an increase in purchases of precious metals by emerging central banks. It has not yet materialized in 2023, as suggested by the decline in volumes invested in physical ETFs up to the end of October, but we believe it should strengthen again with the fall in the dollar and the correction in interest rates. The rise in gold prices that we predicted at the start of 2023 is continuing, and has reached new heights today. The current ratio between silver and gold prices has risen again, from 81 to 89, and is a long way from its historical average of around 40-1. When this ratio returns to its average, silver prices strongly outperform gold prices. Geologists also consider the silver/gold reserve ratio to be less than 20-1, which in the long term suggests a downward trend in this ratio over the next few years. In the medium term, we anticipate a limited rise in gold towards $2,600 per ounce, accompanied by an increase in silver to between $32 and $35 per ounce, which would mean a return of the gold/silver ratio to around 74.

Platinum and palladium strongly linked to a recovery in the automotive sector

Both metals are closely linked to the automotive sector and to global vehicle production. Almost 75% of palladium demand comes from the automotive industry, for industrial applications linked in particular to the manufacture of catalytic converters, as is also the case for platinum (40%). An improvement in manufacturing activity linked to vehicle production in China, Europe, Japan and the USA is now increasingly likely for the second half of 2024. Leading indicators in the manufacturing sector are improving significantly, and are now increasingly above growth thresholds everywhere.

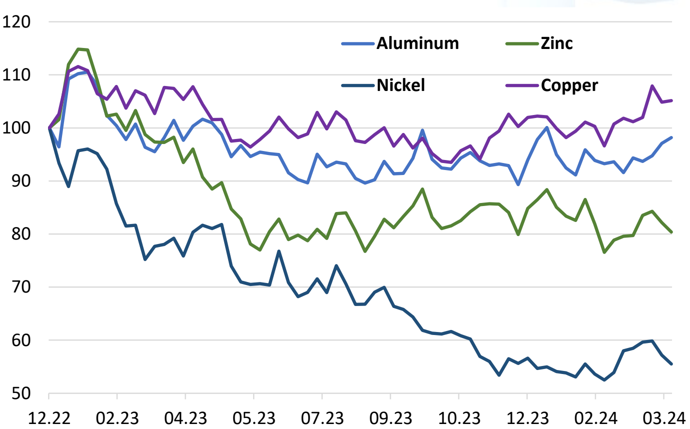
Trends in physical holdings of ETFs (Precious Metals)



Sources: Bloomberg, BBGI Group SA

The supply deficit, job cuts and imminent mine closures in South Africa are likely to strengthen prices in normal times, which have slipped with the perception of weak conditions in China and the automotive sector in previous quarters. In addition, due to the decline in activity in these sectors over the last two years and the decline in the prices of these two metals, there is now a significant accumulation of speculative short positions. These high speculative bearish positions could be countered by a surprise rise in prices sufficient to trigger a short squeeze. A sharp rise would then be highly likely, triggered by short sellers' need to cover their shorts. A consolidation of palladium prices between $900 and $1,000 per ounce now seems to us to be conducive to the triggering of an uptrend that could take palladium prices to $1,300. The prospects for a recovery in platinum seem less attractive, but an increase from the current level of $900 per ounce to $1,150 per ounce seems possible.

Evolution of Industrial Metal Prices (2023-2024)



Sources: Bloomberg, BBGI Group SA

Promising trend reversal for industrial metals industrial metals

Industrial metals lagged far behind the general trend in commodities in Q1 2024, and still don't seem to be in favor with investors. With an imperceptible rise of barely +0.25%, the segment clearly underperformed other commodities. This virtual stagnation masks a certain disparity in performance between the various metals, with copper up a modest +3.6% and zinc down -8.24%.

Since the last crisis linked to Russia's invasion of Ukraine, which saw industrial metal prices soar by around +50% in just a few days, a steady decline has followed, with the Bloomberg Industrial Metals Index plunging by -50% to finally hit a low on February 12, 2024. At the end of the quarter, the industrial metals segment was still fairly heavily penalized by a mixed global growth outlook, affected by lower -than-expected Chinese growth and by the probably overestimated risk of recession in Europe.

Inventory levels for most industrial metals are particularly low, however, and cannot easily be used as an adjustment variable if demand picks up. This is bound to have a further positive impact on prices. A reversal of the upward trend is expected for aluminum, copper, cobalt and nickel. The new need for industrial metals, essential for the implementation of the energy transition, is also an extremely important factor in the evolution of global demand. The fall in capex in recent years continues to weigh on supply levels, thereby limiting the risk of a sharp rise in inventories. Our outlook is positive for all industrial metals, which will benefit from increased demand for infrastructure, wind power projects, railways and the fast-growing electric car sector. The 2nd quarter of 2024 may well be the turning point for this very depressed and neglected raw materials segment.

Energy transition to support copper prices

The copper market is already in deficit, with supply unable to keep pace with global demand. The ongoing energy transition is one of the main driving forces behind the sharp rise in copper demand. This trend is sustainable and will continue to influence demand levels for some time to come. The latest developments in artificial intelligence and the strong growth in data center construction will further reinforce this high demand, to the point of representing additional demand estimated by Trafigura (one of the world's leading commodities traders) at one million metric tons of copper by 2030.

Copper was one of the first industrial metals to react in 2024 to changes in the global growth outlook, now significantly less pessimistic than expected in 2023. The beginnings of an economic recovery in China and its industrial production, as well as better leading indicators for the manufacturing sector in a number of countries, finally altered investor expectations and had a positive impact on copper prices. Copper is now trading at its highest level for fifteen months, with fears over production capacity in the face of growing demand and mining problems underpinning the rise in recent weeks. Once again, we realize that copper is essential for everything from cables and electric turbines to solar panels, electric vehicles and more.

The energy transition is one of the key factors underpinning demand, while supply can only potentially increase on the basis of more attractive price prospects. Our outlook for copper after this increase remains bullish, with a further rise of +15% forecast for 2024.

Towards the disappearance of surplus aluminium production

The aluminum market is estimated at around 230 billion USD in 2023, and is expected to grow by +6% per year over the next five years. The proportion of aluminum in vehicle production is steadily increasing, due to its ability to reduce vehicle weight. But the growth in demand also concerns the need for aluminum to produce aluminum-ion batteries, whose capacities are greater than those containing lithium. The market is segmented between construction, transport, packaging, electrical applications, machinery and sustainable development. Demand for aluminum has recently been stronger than expected in China, thanks in particular to the renewable energies sector. This trend should also materialize in industrialized countries. China is the world's largest aluminum producer, accounting for 60% of the market, but it appears to have reached a production peak in 2023, suggesting that its imports will soon rise as the economy recovers. The market is potentially still in surplus in 2024, but this situation should be resolved as demand rises and supply contracts. We believe that aluminum prices will be more influenced by a rise in demand from industrial activities linked to the decarbonization of production.

Aluminium prices were again volatile during the 1st quarter, first falling by almost -10% before rebounding by +8% in March. The recent positive trend is linked to the change in perception of the economic situation in China and to better industrial production statistics in particular. The adjustment of prices to this new perception of Chinese dynamics does not yet seem to us to reflect the potential evolution of prices in the global economic environment we project for 2024. Aluminium prices could well appreciate further over the coming quarters, reaching $2,600 per metric ton.

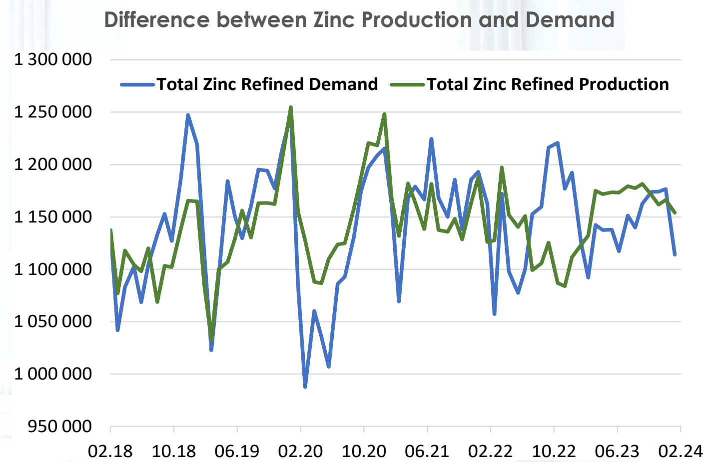
Nickel market to remain overproduced in 2024

Nickel is undoubtedly the industrial metal with the widest gap between supply and demand, and the most difficult to rebalance. The fall in demand is exacerbated by a Chinese real estate market in dire straits and by a drop in the need for nickel in the production of stainless steel for building materials and industrial equipment. Nickel production has been rising steadily for several years, approaching 3.6 million metric tons in 2023. With production estimated at 1.8M metric tons, Indonesia is the world's leading producer, accounting for more than half of global output. Indonesia's nickel overproduction and weaker demand from the electric vehicle sector have pushed prices below $16,000 per tonne to their lowest level since 2021. Nickel producers are aware of this, however, and are attempting to rebalance the market by reducing production. The risk of overproduction for the nickel market remains high. The downside potential for prices seems limited, however, given the declines already recorded, but potential surprises that could bring about a fundamental change in market equilibrium are equally unlikely. Nevertheless, after a price collapse of -50% and a long stabilization phase above $1,500 per tonne, an improvement in global sentiment towards industrial metals and an upturn in activity in both the battery and construction sectors in China could together provide a new, positive impetus for nickel prices. A rebound towards $2,000 per tonne is therefore not impossible, and would represent an increase of +10%.

Zinc outlook closely linked to Chinese recovery

Zinc is mainly used in the galvanizing process, which protects steel and iron from rust. The galvanizing market accounts for 60% of the overall market, with the use of zinc in alloys (13%), in the production of brass or castings (11%) and in the production of chemicals (9%) together making up the remainder of demand. China is the leading zinc producer (33%), ahead of Peru (11%) and Australia (10%).

In recent quarters, weak demand for zinc has driven down prices and increased inventories. Clearly, the real estate situation in China and the economic slowdown elsewhere in the industrialized world have contributed to the drop in demand. The potential oversupply is estimated at around 80,000 tonnes in 2024, before returning to equilibrium in 2025. An improvement in fundamentals will require a global economic upturn and an increase in demand for batteries for electric vehicles, as well as a recovery in galvanized steel requirements in China. Zinc prices were slightly more volatile than nickel prices at the start of the year, undergoing the same fluctuations with slightly greater amplitudes. The -15% fall at the start of the year was followed by a +13% recovery in mid-March. Improving economic conditions in China also appear to be the determining factor in zinc's price recovery. An increase from $2,400 to $2,600 per metric ton seems likely within the fluctuation range observed over the last twelve months, before a possible breakout that would push prices higher towards a target of $1,800 to $3,000.



Sources: Bloomberg, BBGI Group SA

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