



Global Market Outlook:

Finding the Signal Through the Noise

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Today's Speakers



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Paradigm Shift: Navigating Distorted Macro Signals

Bearish



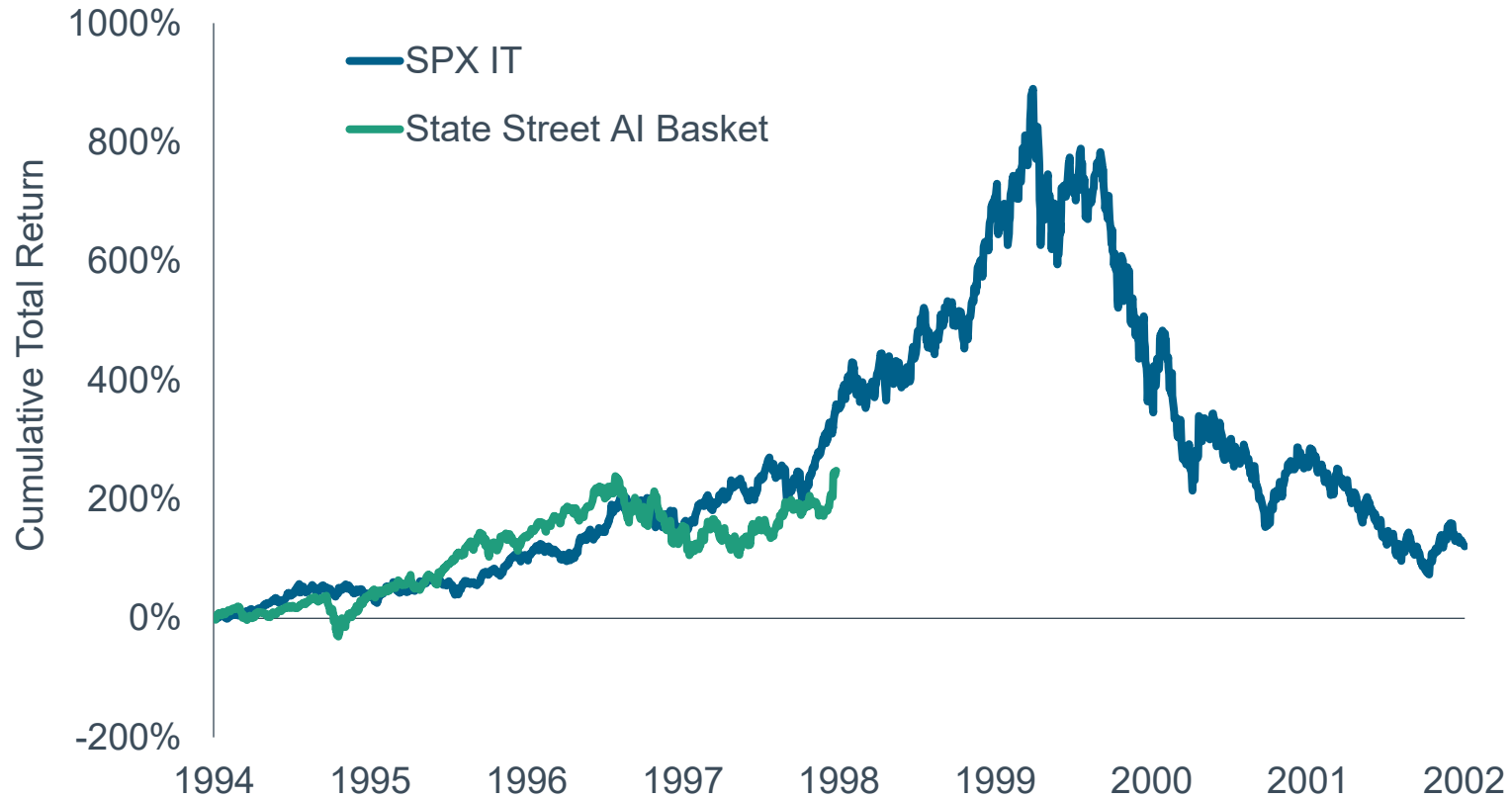
- Sticky core inflation
- Higher for longer rates
- Falling manufacturing PMIs
- Inverted yield curve
- Tightening conditions/ liquidity drag
- Recession risks
- China reopening underwhelming
- Narrow market leadership
- Earnings too optimistic

Bullish

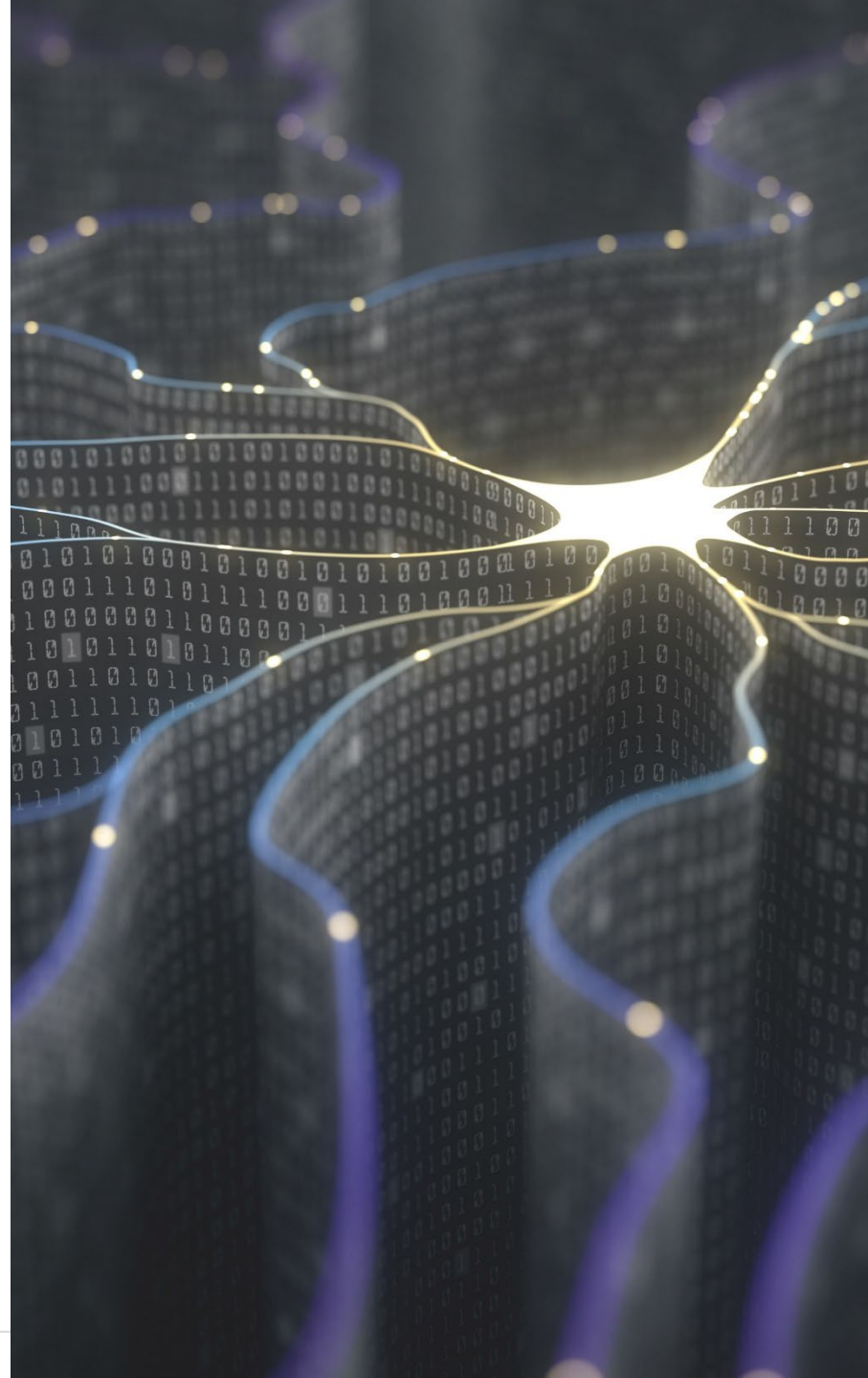


- Disinflation traction
- Near peak rates
- US fiscal stimulus (onshoring, semis)
- Services sector strength
- Strong consumer/ corporate BS & low leverage
- Resilient labour markets
- Earnings have held up
- AI secular tailwind

AI vs. The Internet

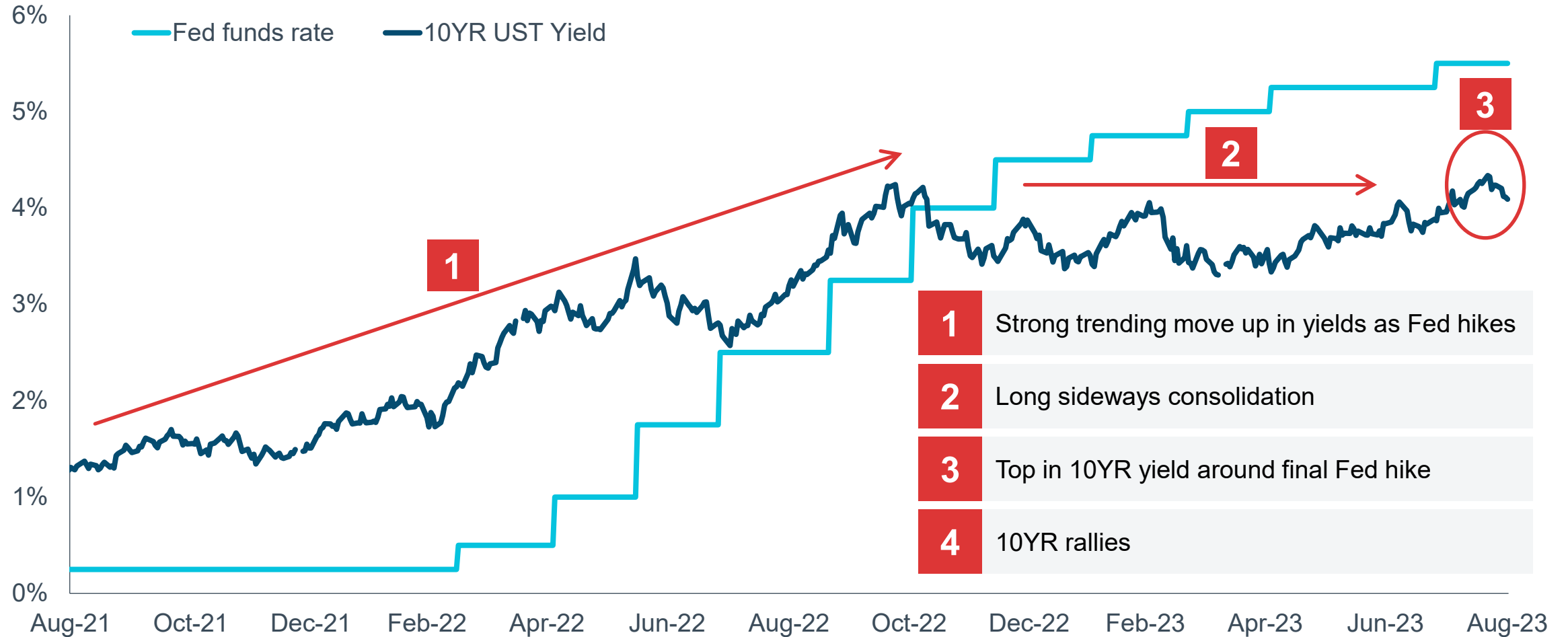


Source: State Street Global Markets; S&P; Bloomberg Finance L.P. Data analysis by T. Rowe Price.



The Story Isn't Over for Yields

As of 31 August 2023

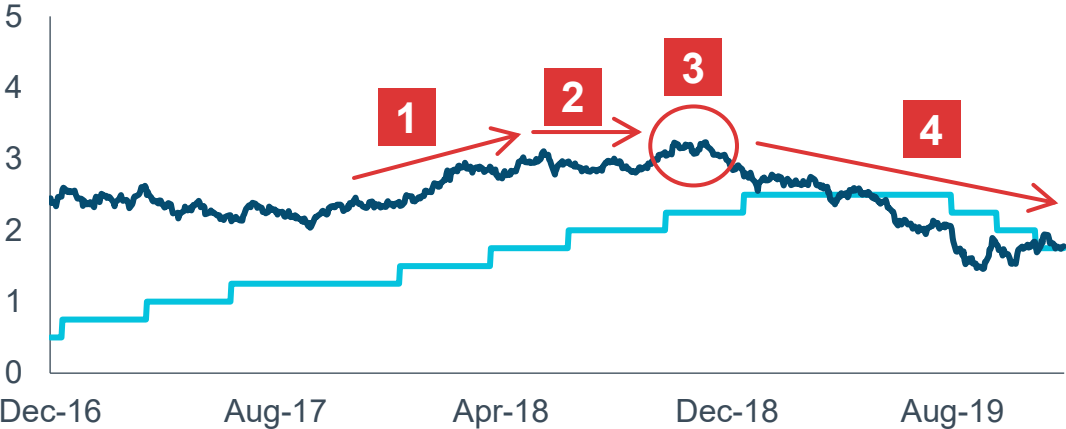


Source: Bloomberg Finance L.P.

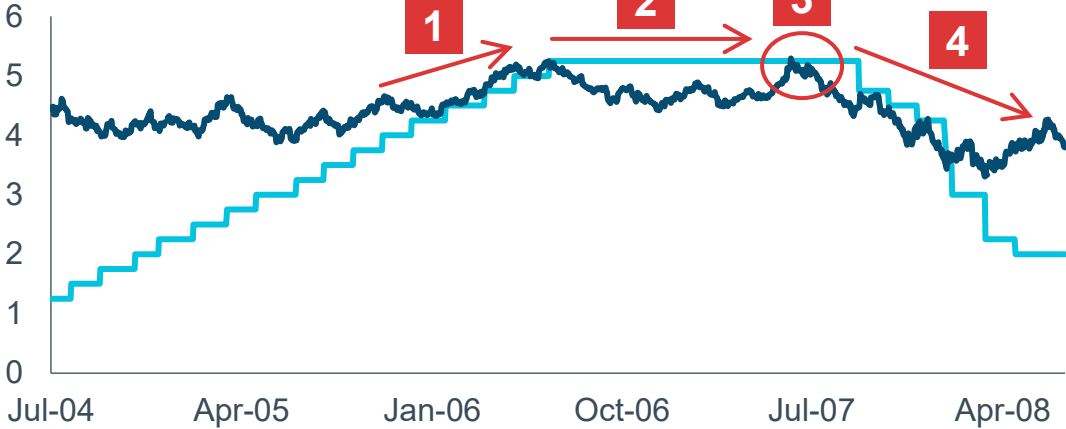
History Rhyming...

— Fed funds rate % — 10 UST Yield %

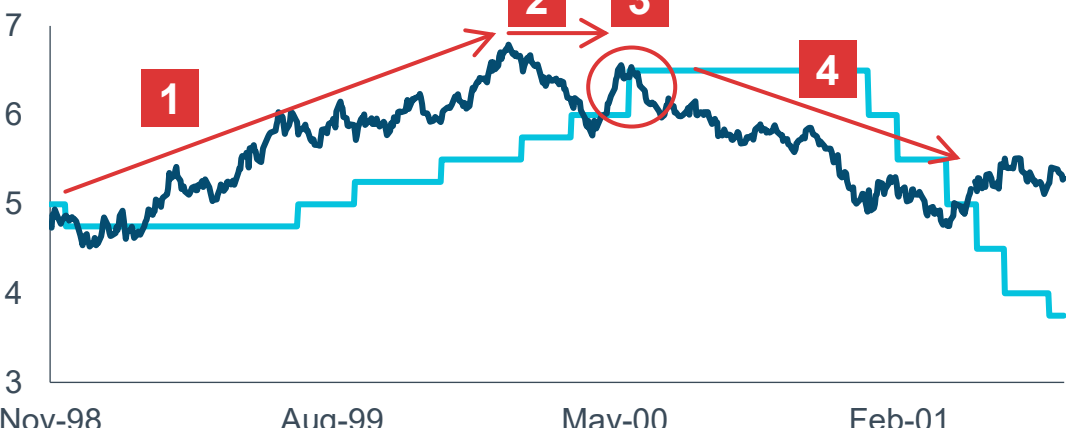
2018 Cycle



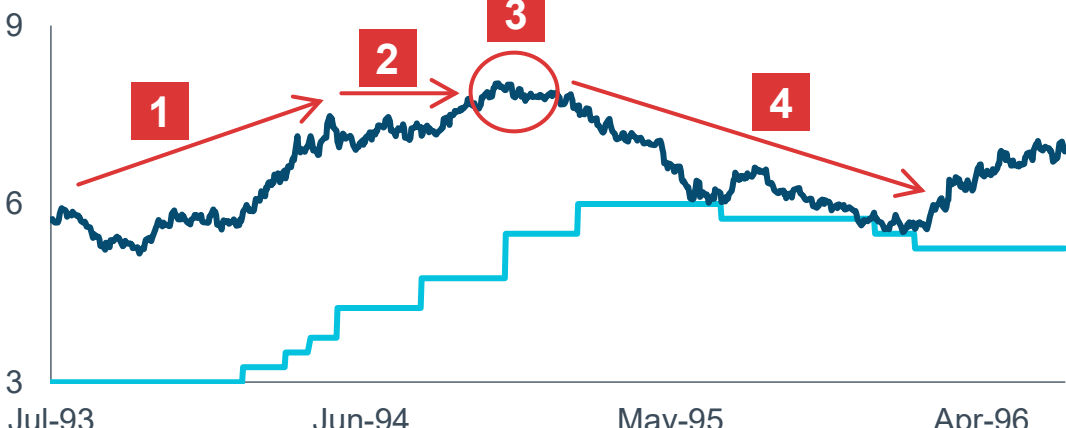
2006 Cycle



2000 Cycle



1995 Cycle

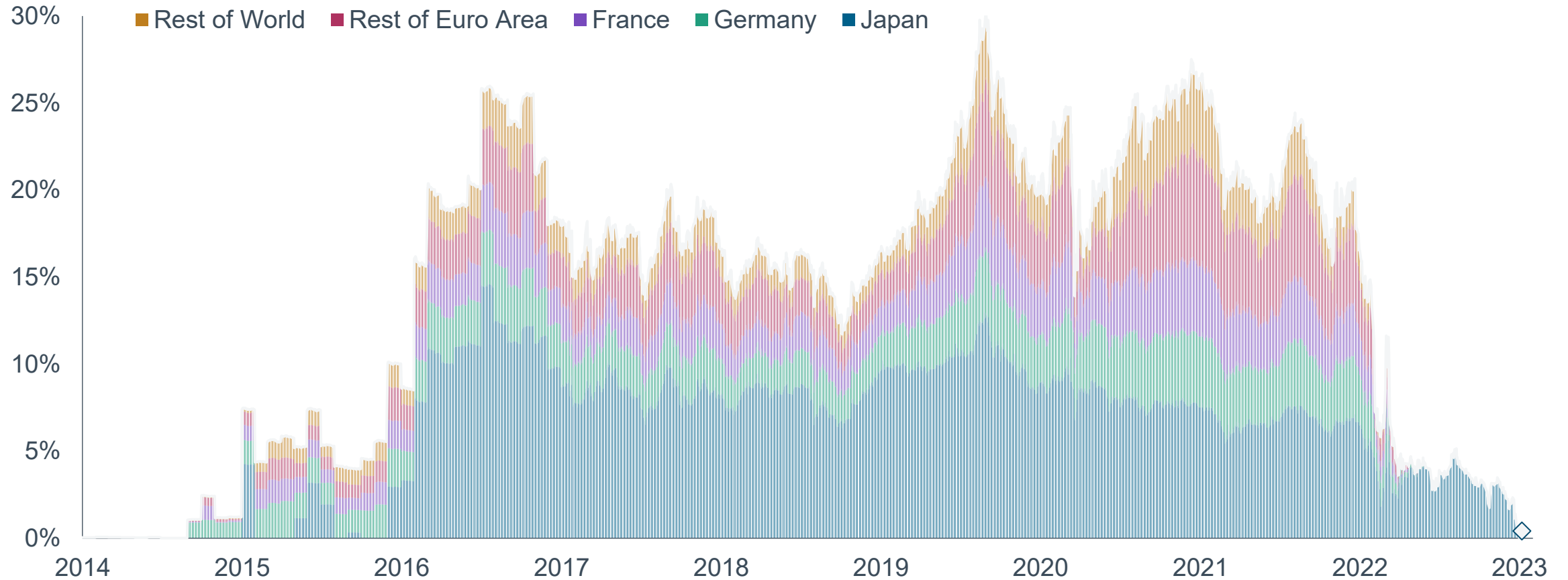


Past performance is not a reliable indicator of future performance.
 Source: Bloomberg Finance L.P. Please see Additional Disclosures page for information about this Bloomberg information.

Gravity is Back

As of 6 January 2023

Proportion of negative yielding global bonds



Past performance is not a reliable indicator of future performance.
Sources: Bloomberg Finance L.P.; Goldman Sachs Global Investment Research.

Investment Opportunities



Japan



Emerging Markets



Natural
Resources/
Real Assets



Deglobalisation

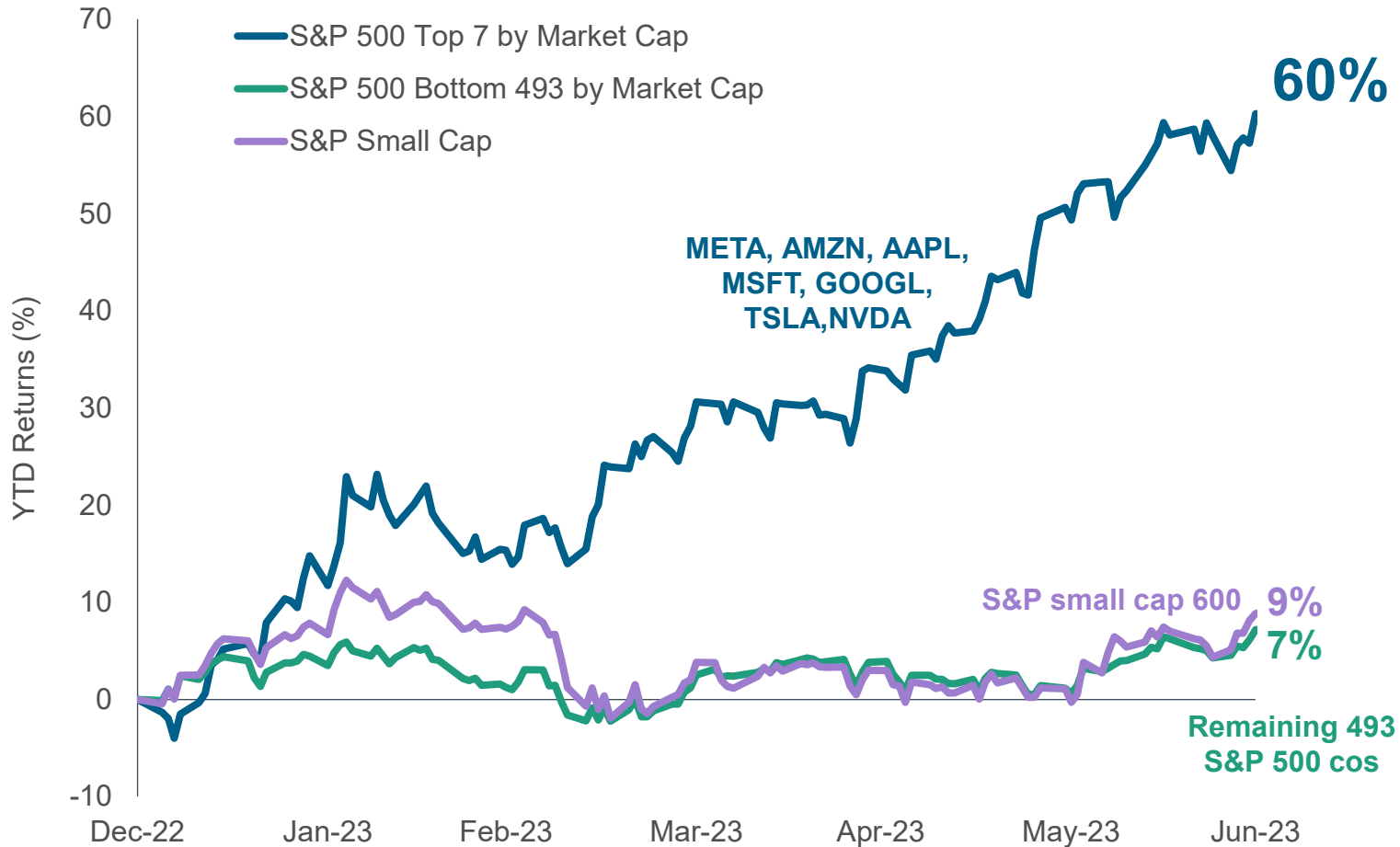


Green
Transition

Game Changer: Generative AI

As of 31 July 2023

Narrow rally: “Magnificent Seven”



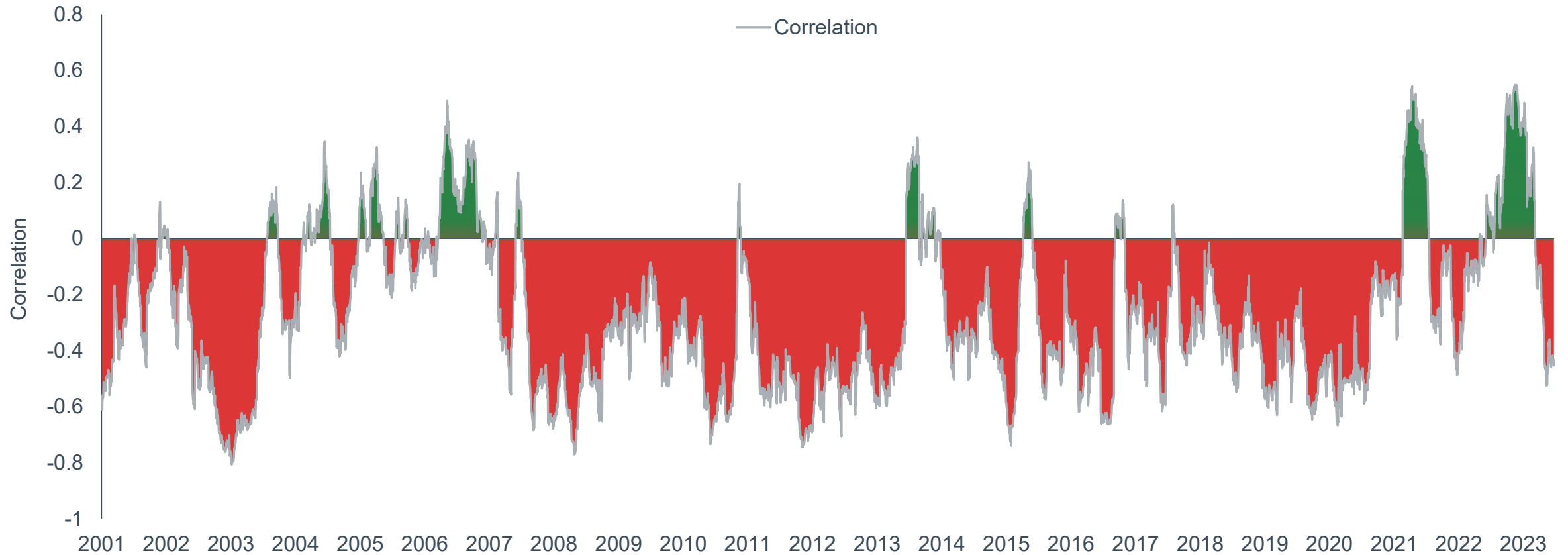
Source: FactSet, total returns in USD.

- “Mega-cap tech” have led to date
- ‘Arms race’ to acquire capability
- Secular uses of AI
- Focus on profits resilience

What's Your Hedge? Asset Allocation is Getting Harder

As of 30 June 2023

Rolling 52-week Correlation of stock-bond correlations (S&P 500 to U.S. Aggregate Index)



Past performance is not a reliable indicator of future performance.

Source: Bloomberg Index Services Limited.

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Q&A



Thank You