

SARASIN

# Six Minute Strategy

## The last mile is often the hardest

April 2024

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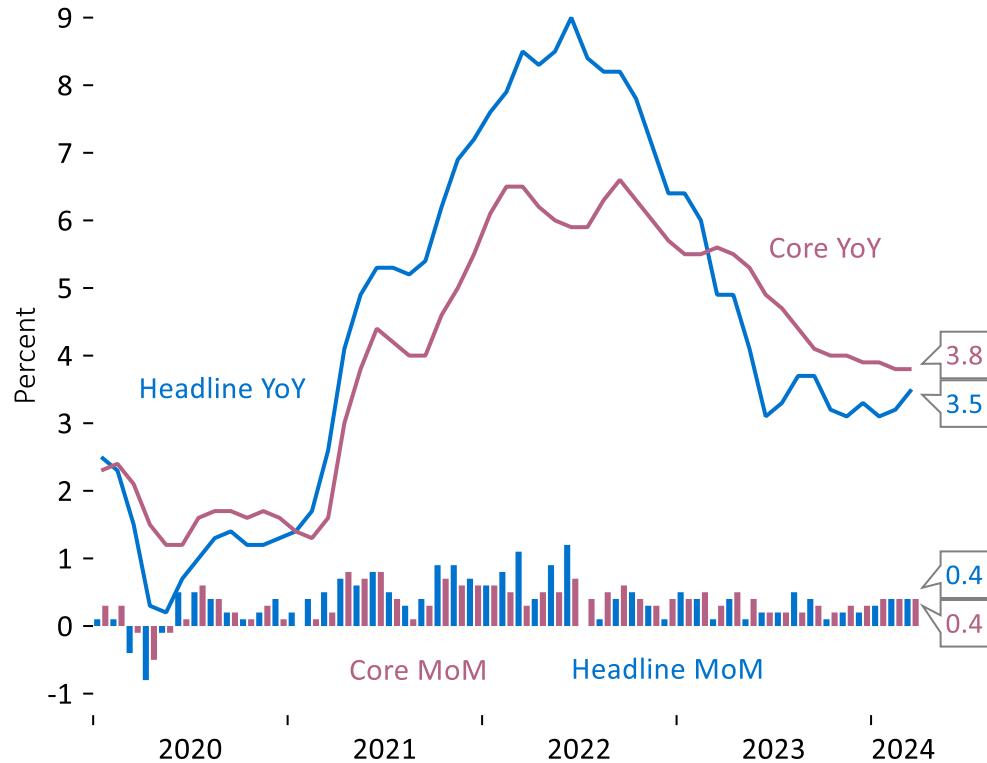
# The US economy doesn't seem to be slowing

For the third month CPI inflation was ahead of expectations, while the jobs report was hot

## Headline inflation turning up while progress on core stalls

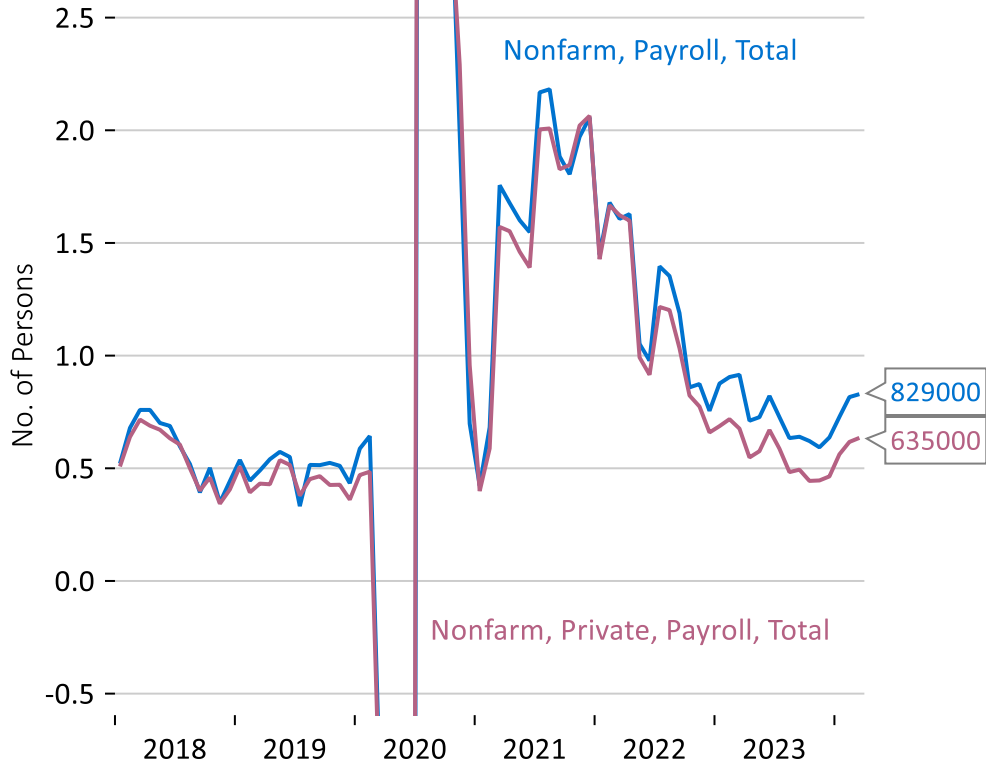
## Jobs surge across the private sector and government

Measures of US CPI Inflation



Source: Macrobond, 11.04.24

Quarterly Change in Payroll Employment, SA



Source: Macrobond, 11.04.24

“This was a hot jobs report that suggested that, if anything, the economy is reaccelerating”

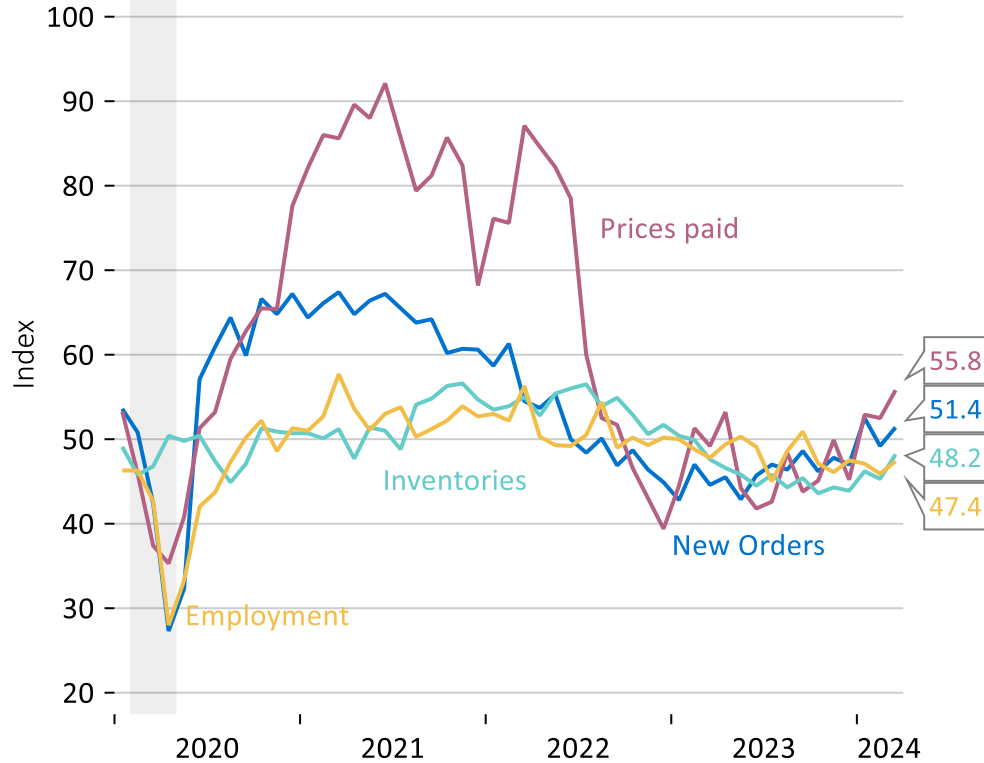
Larry Summers/Bloomberg TV April 2024

# Government spending is reinforcing the economic upturn

Manufacturing is benefitting from the US administration's spending plans

## Even manufacturing is getting in on the action

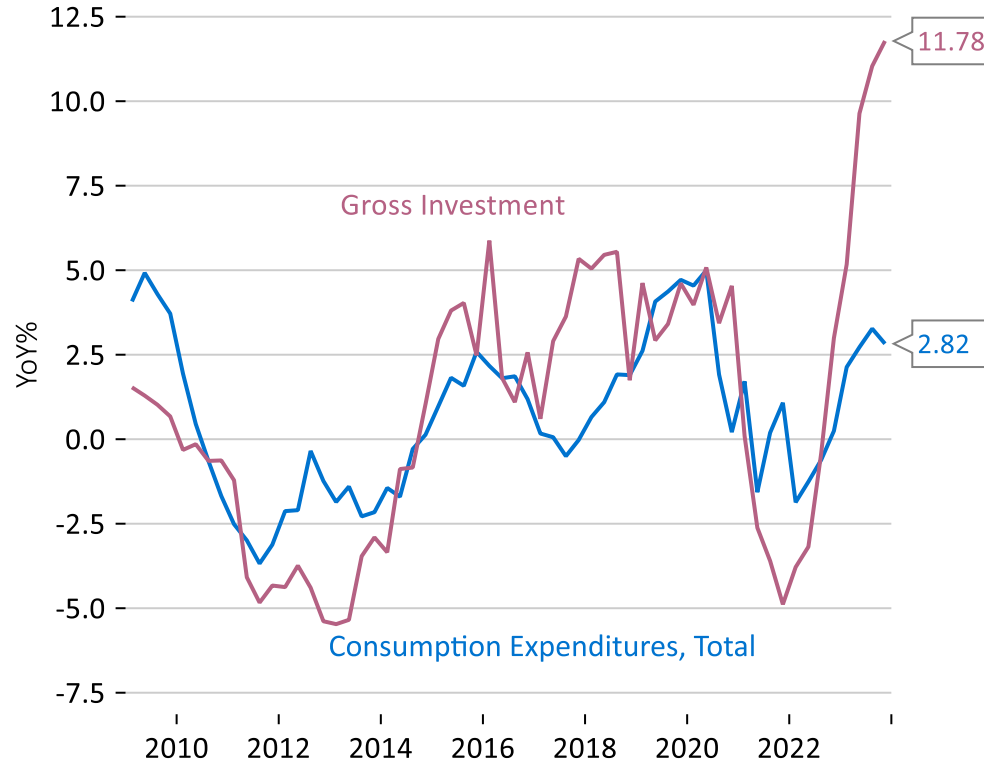
US - ISM Manufacturing



Source: Macrobond, 11.04.24

## Federal and S&L government spending reinforcing upturn

US Government Real Expenditure Growth



Source: Macrobond, 11.04.24

# Global business surveys suggest a gradual global recovery

India and Southern Europe leading – Upturn in global PMI readings



## Global Purchasing Managers' Surveys

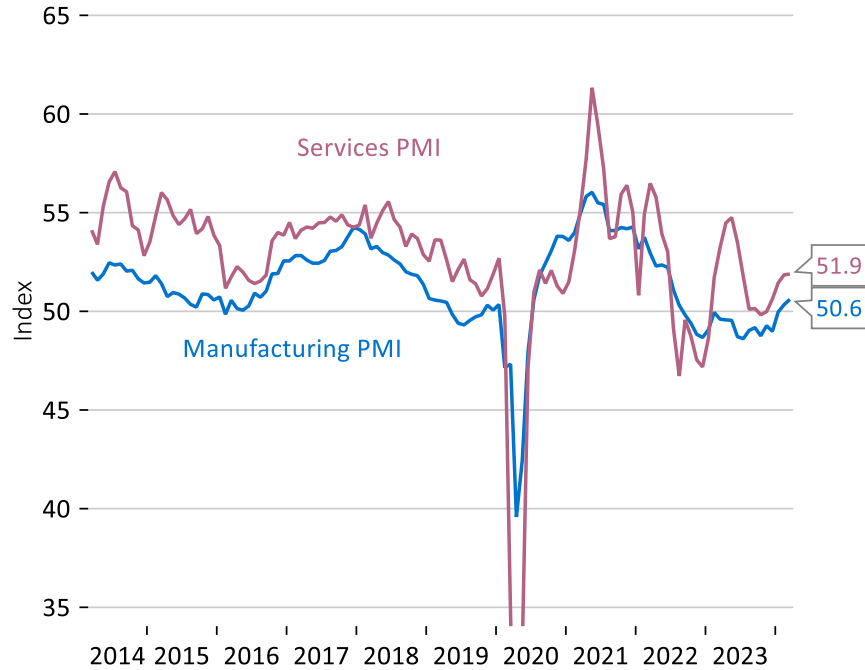
### S&P Global - Purchasing Managers' Index (PMI)

	PMI Composite				PMI Manufacturing				PMI Services						
	47.5	52.5	57.5	62.5	40	45	50	55	60	47.5	52.5	57.5	62.5		
India	[Bar]				61.8	[Bar]				59.1	[Bar]				61.2
Spain	[Bar]				55.3	[Bar]				51.4	[Bar]				56.1
Brazil	[Bar]				55.1	[Bar]				53.6	[Bar]				54.8
Emerging Markets	[Bar]				53.7	[Bar]				52.0	[Bar]				53.8
Italy	[Bar]				53.5	[Bar]				50.4	[Bar]				54.6
Australia	[Bar]				53.3	[Bar]				47.3	[Bar]				54.4
Ireland	[Bar]				53.2	[Bar]				49.6	[Bar]				56.6
United Kingdom	[Bar]				52.8	[Bar]				50.3	[Bar]				53.1
China	[Bar]				52.7	[Bar]				51.1	[Bar]				52.7
World	[Bar]				52.3	[Bar]				50.6	[Bar]				52.5
United States	[Bar]				52.1	[Bar]				51.9	[Bar]				51.7
Japan	[Bar]				51.1	[Bar]				48.2	[Bar]				54.1
Developed Markets	[Bar]				51.5	[Bar]				49.3	[Bar]				51.9
EU	[Bar]				50.3	[Bar]				46.3	[Bar]				51.5
Euro Area	[Bar]				50.3	[Bar]				46.1	[Bar]				51.5
France	[Bar]				48.3	[Bar]				46.2	[Bar]				48.3
Germany	[Bar]				47.7	[Bar]				41.9	[Bar]				50.1

Source: Macrobond, 11.04.24

Note: PMI >50 = explains indication of expansion of economy  
 < 50 = explains indication of contraction of economy

### Global Purchasing Managers' Index (S&P)



Source: Macrobond, 11.04.24

# Rates: Markets now anticipating two US rate cuts in 2024

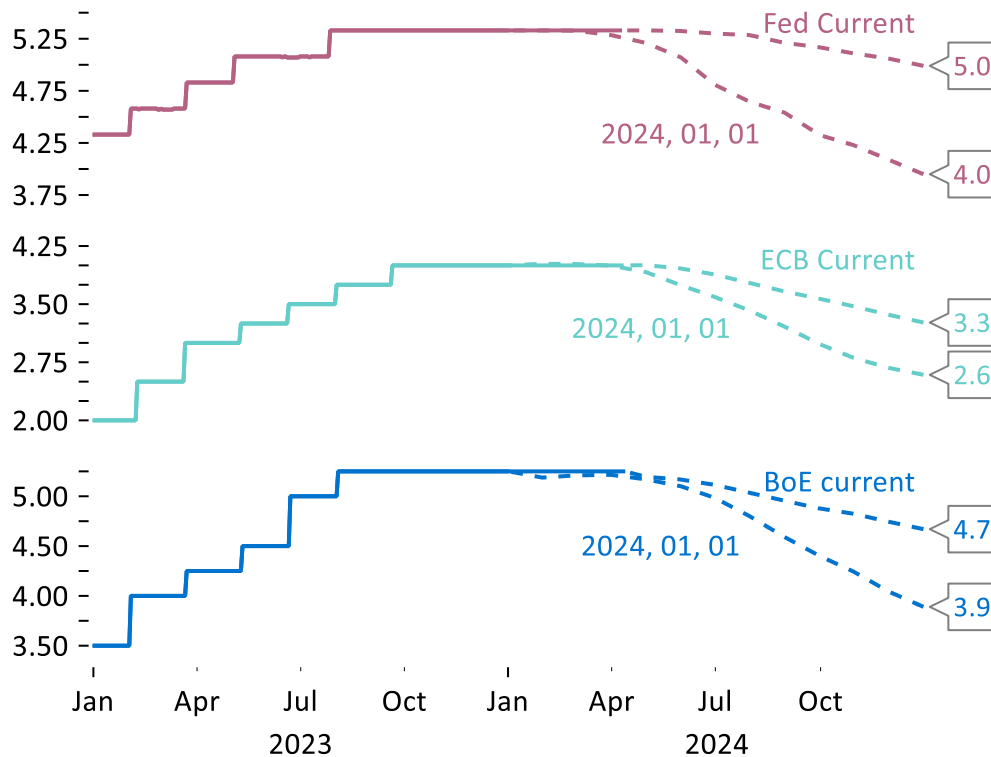


## Market-implied rate trajectories to end 2024



## Global interest rate forecasts (Sarasin)

### Central Bank Market-Implied Policy Rates



Source: Macrobond, 11.04.24

	Current	2024	2025	Neutral
US	5.5	4.75	3.75	3.5
Euro	4.0	3.0	2.25	2.25
UK	5.25	4.25	3.25	3.25

April 2024  
Source: Sarasin and Partners

# Oil, Gold & the Dollar rally in 2024 – Bond yields climb

Improved growth outlook pushes commodities and bond yields higher

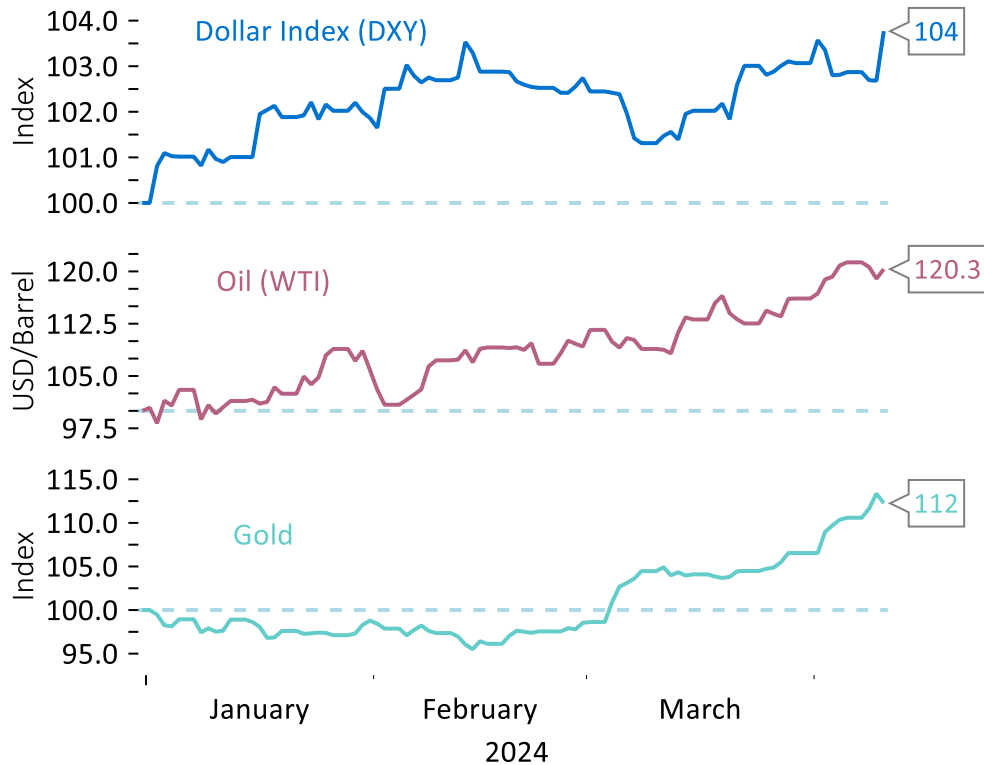


Strong rallies in oil and gold in 2024



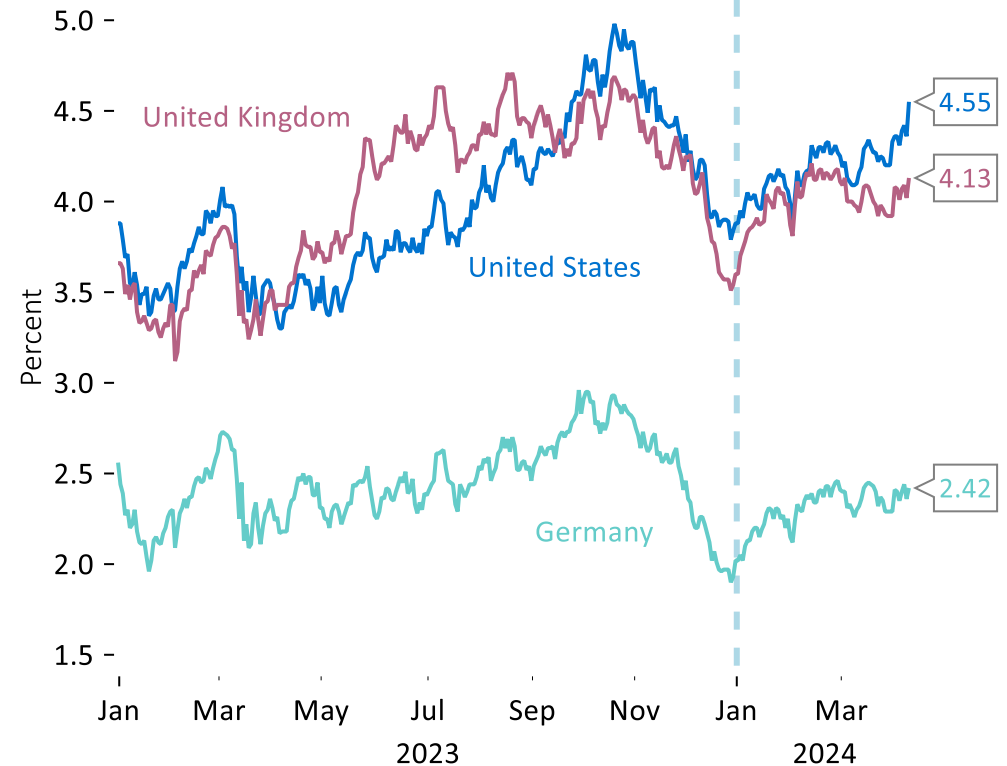
Bond yields climb in 2024 on record issuance & US growth

## Asset Class Performance 2024 to Date



Source: Macrobond, 11.04.24  
WTI - West Texas Intermediate

## Government Benchmarks, 10 Year, Yield



Source: Macrobond, 11.04.24

Past performance is not a reliable indicator of future results and may not be repeated.

# Forecast 2024 earnings & dividends remain robust

Global earnings robust, dividend growth well above inflation & share buy-backs plentiful

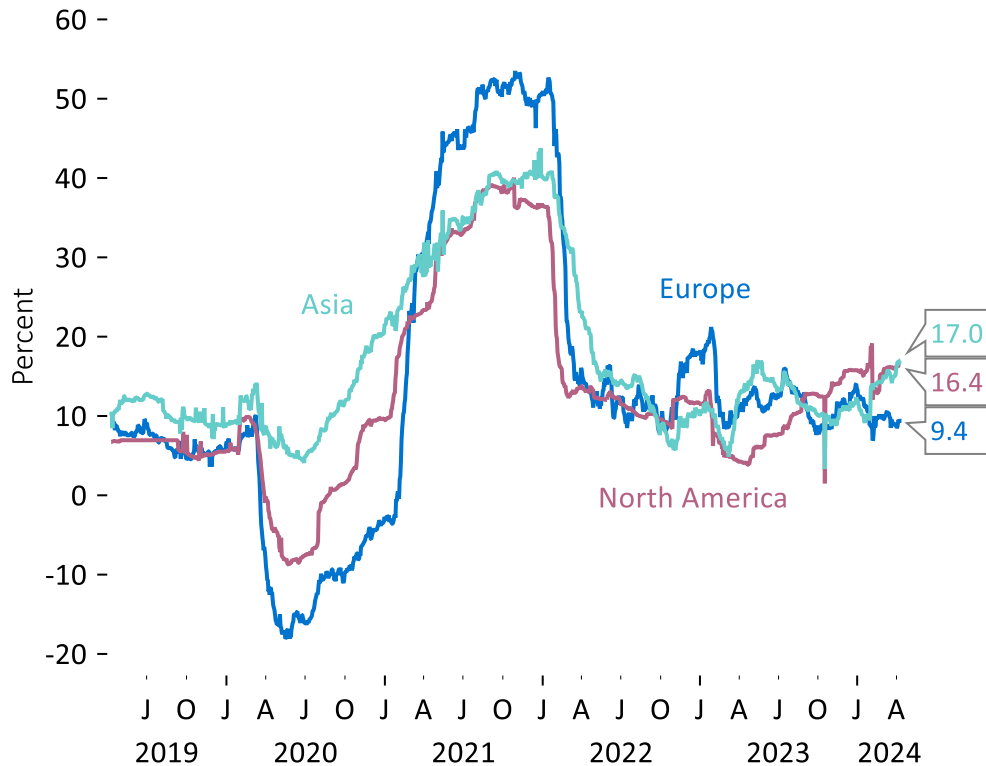


Corporate earnings for 2024 still look robust



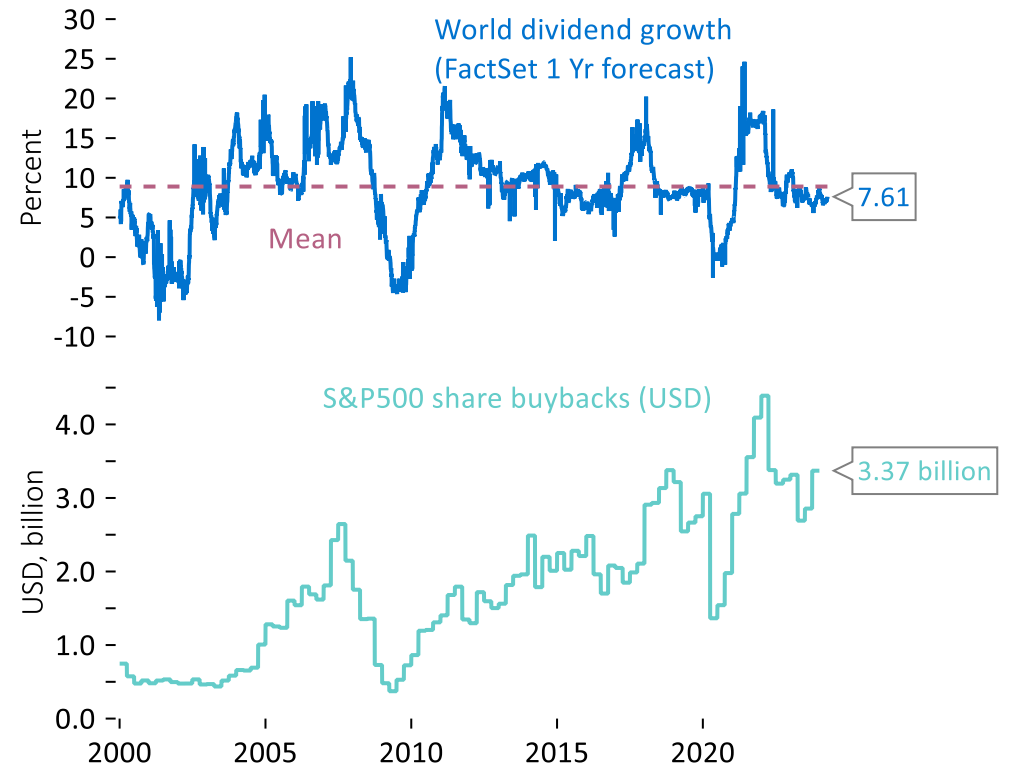
Global dividend growth now well ahead of inflation

## Regional EPS Growth Rate (1 year forecast)



Source: Macrobond, 11.04.24

## Global Dividend Growth & US Stock Buybacks



Source: Macrobond, 11.04.24

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