

SARASIN
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Six Minute Strategy

The last mile is often the hardest

April 2024

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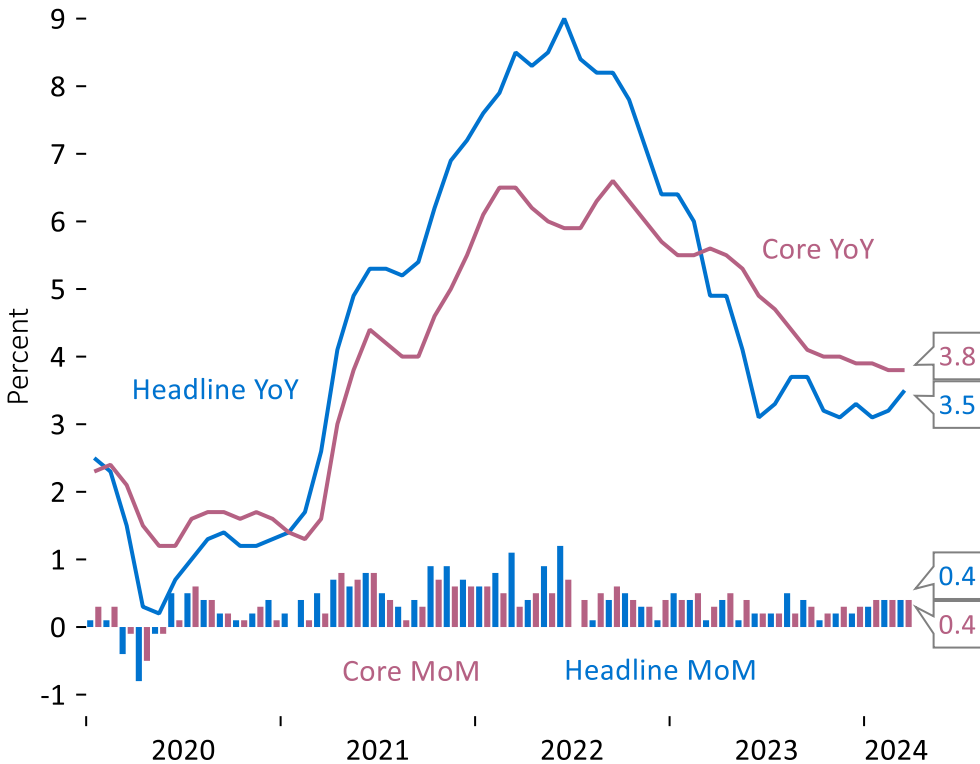
The US economy doesn't seem to be slowing

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

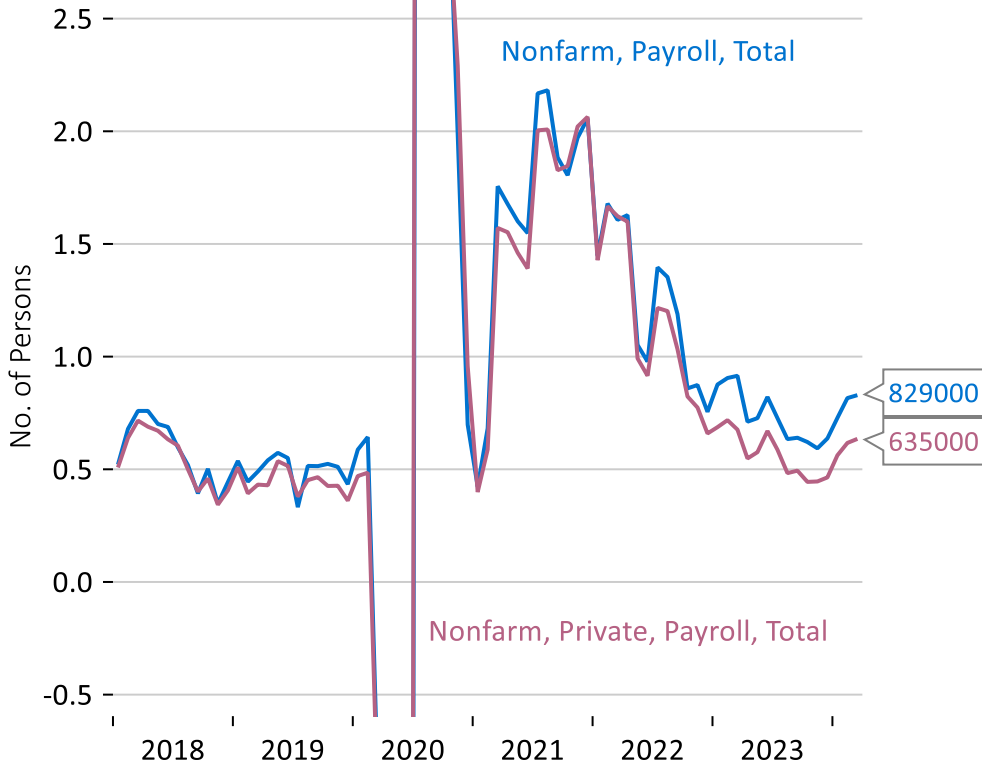
Jobs surge across the private sector and government

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

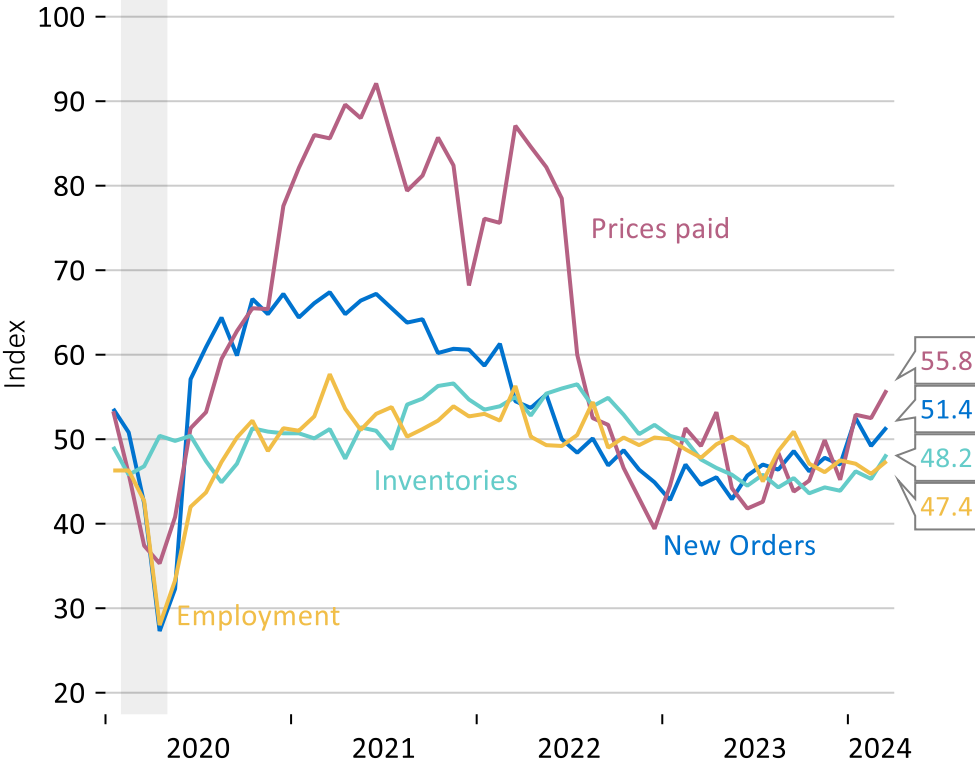


Even manufacturing is getting in on the action



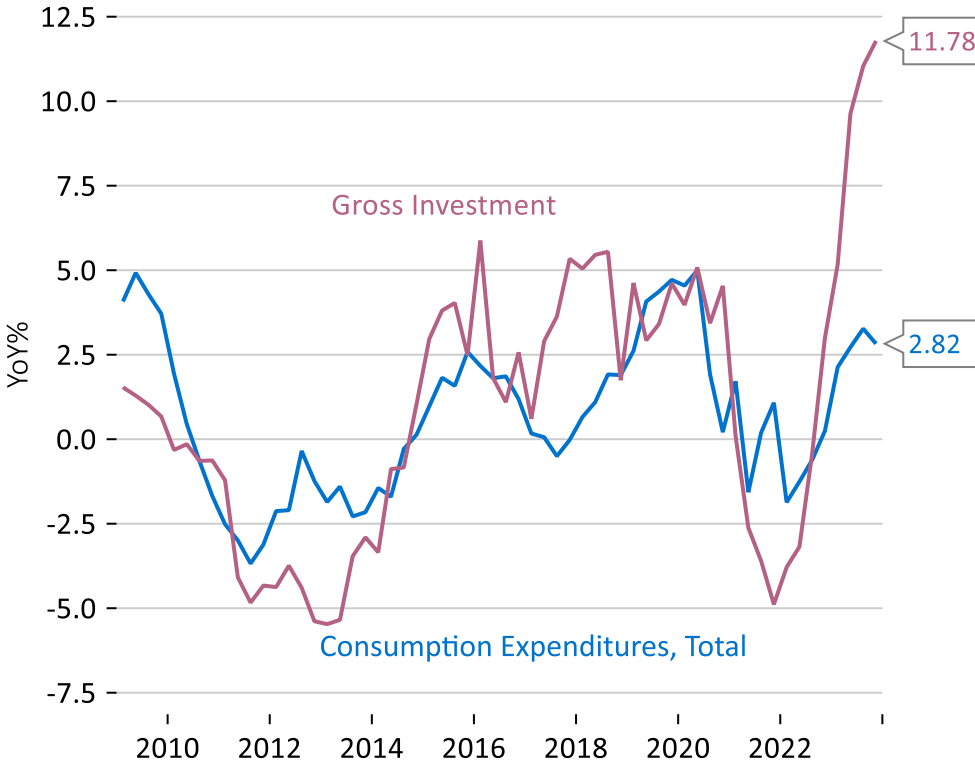
Federal and S&L government spending reinforcing upturn

US - ISM Manufacturing



Source: Macrobond, 11.04.24

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**

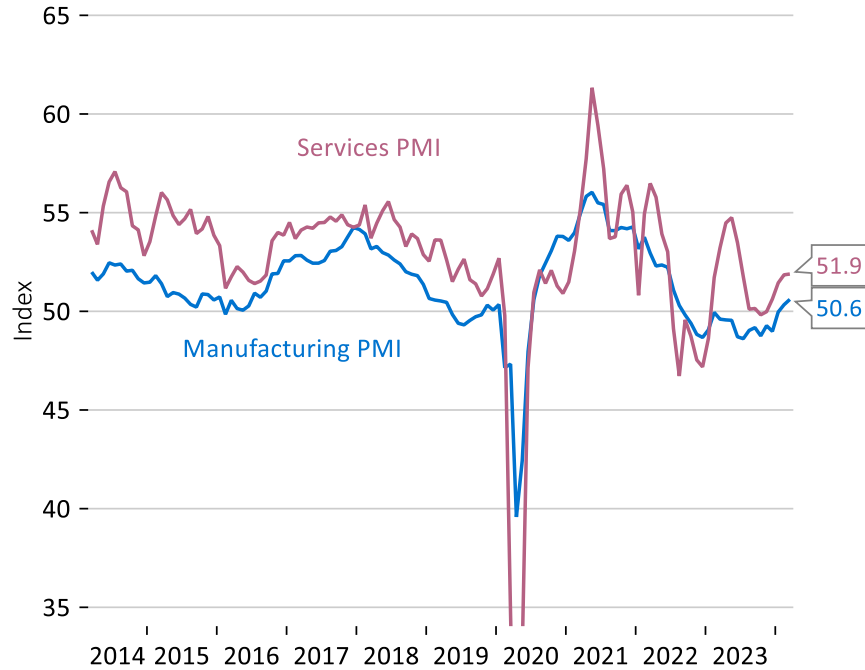
S&P Global - Purchasing Managers' Index (PMI)

	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

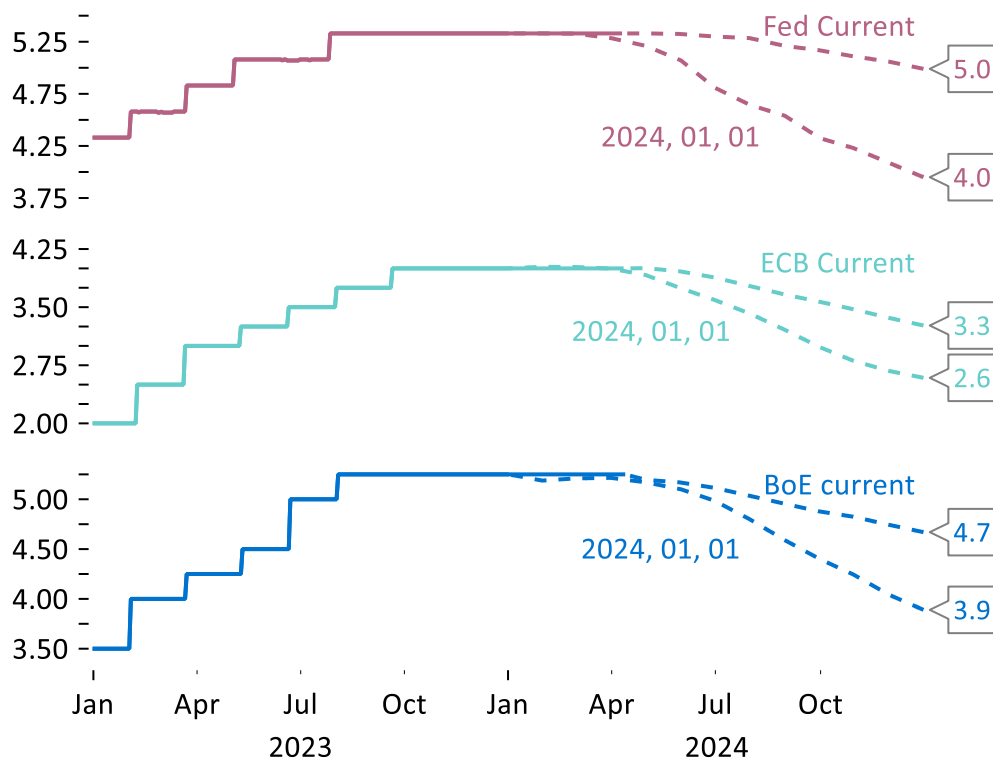


Market-implied rate trajectories to end 2024



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

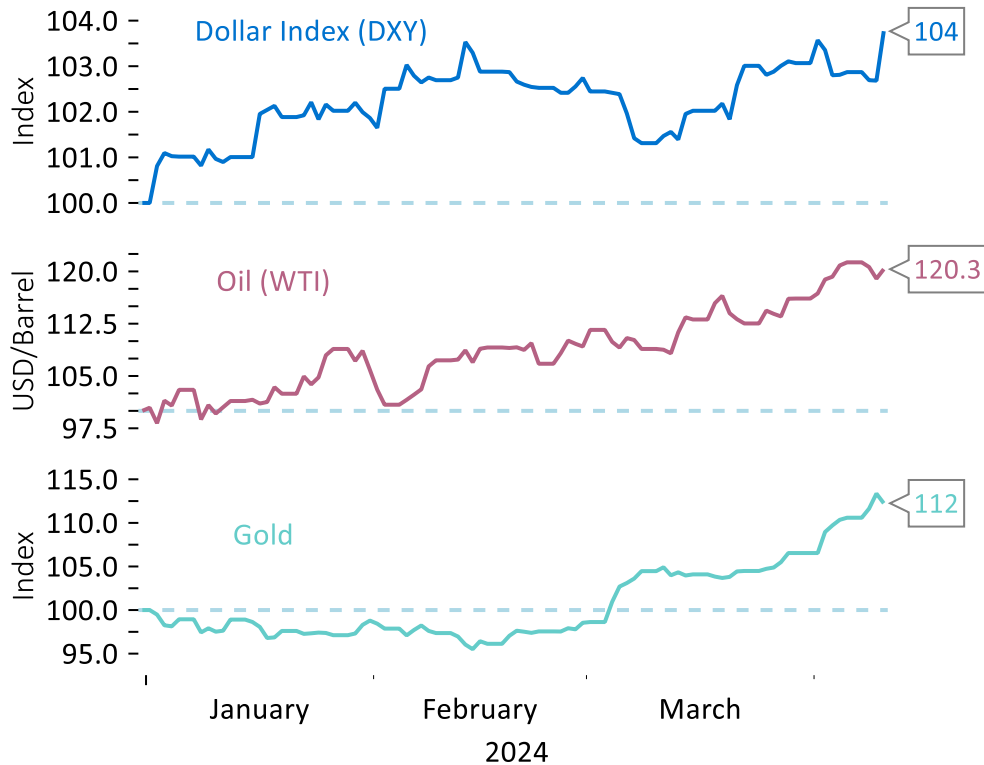


Strong rallies in oil and gold in 2024



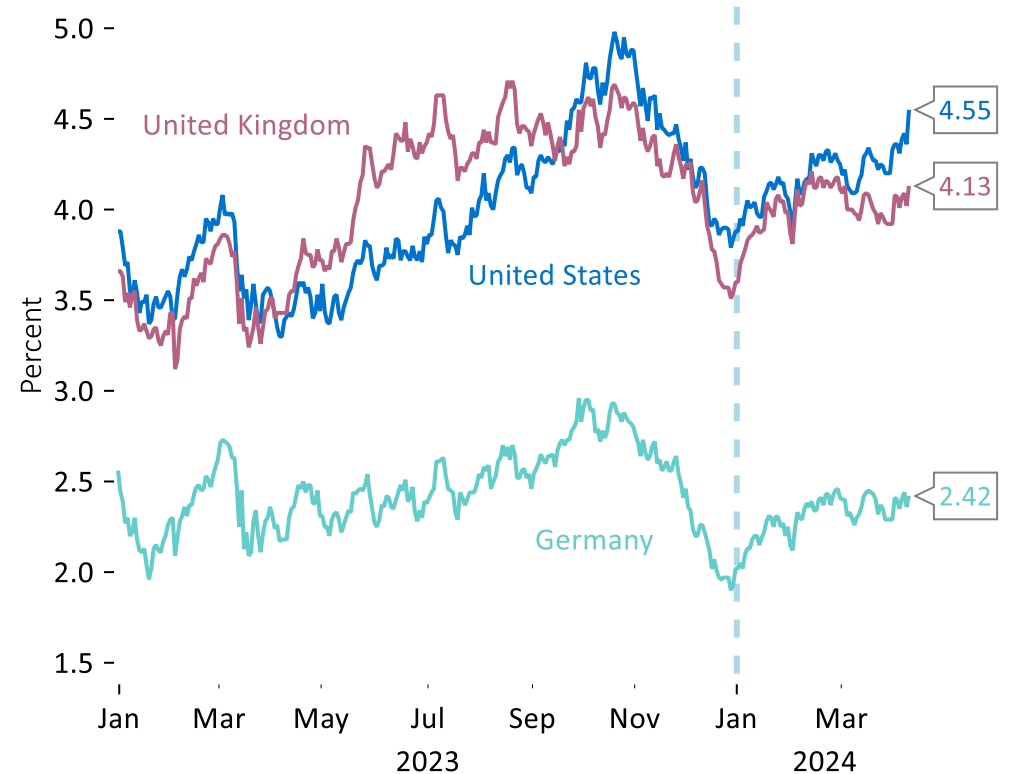
Bond yields climb in 2024 on record issuance & US growth

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

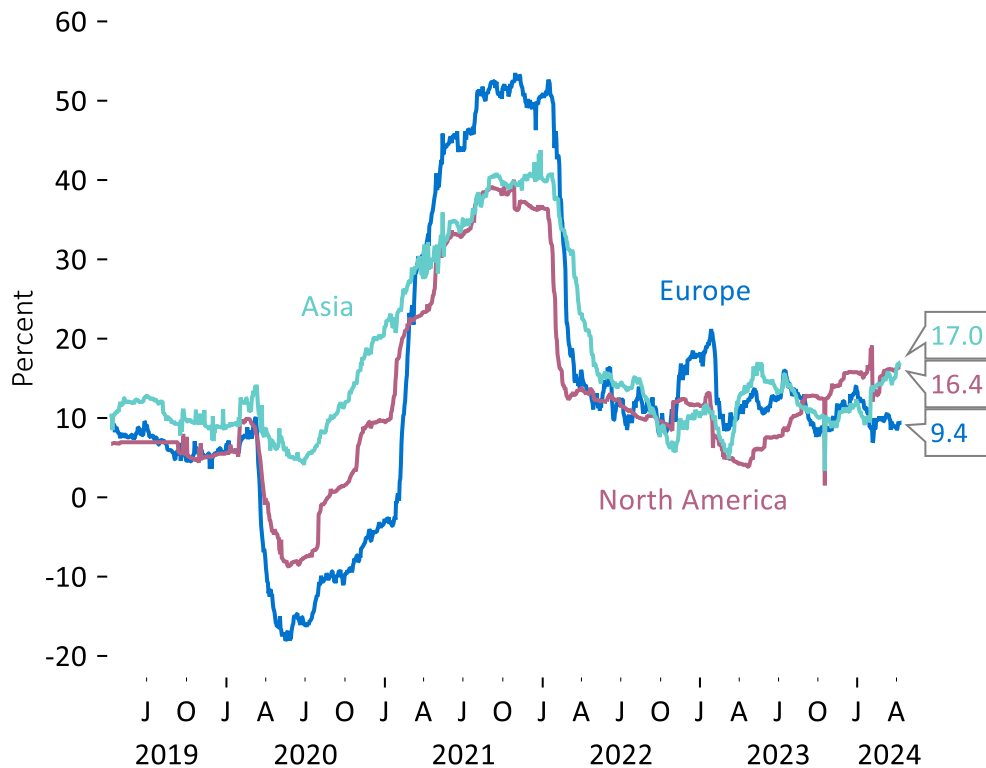


Corporate earnings for 2024 still look robust



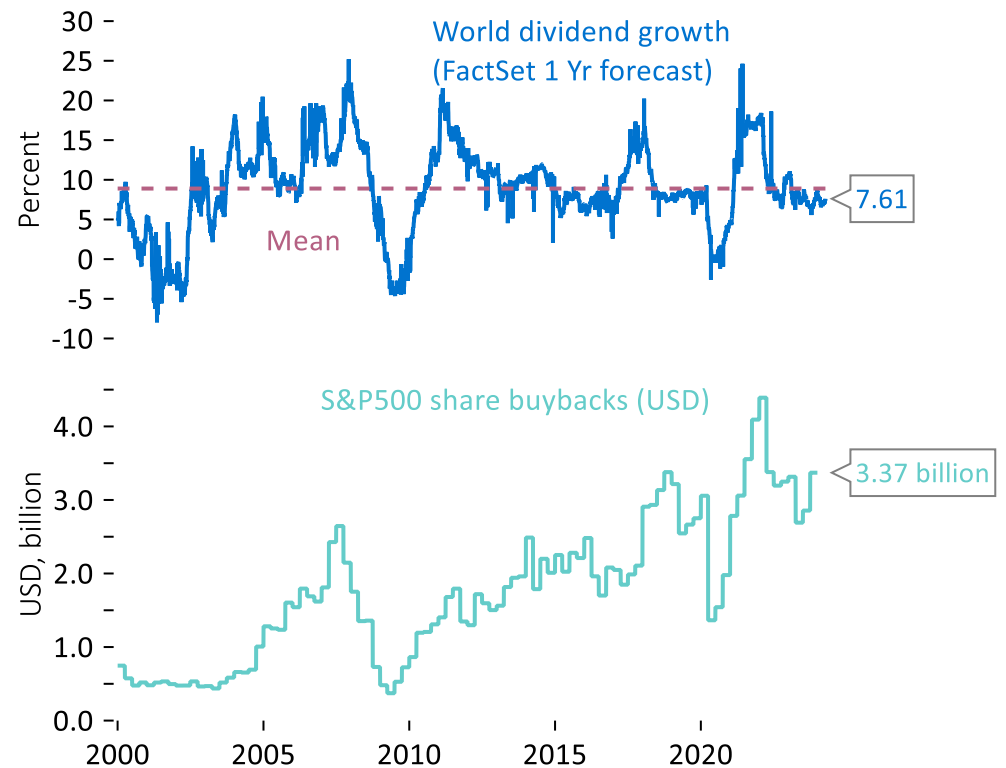
Global dividend growth now well ahead of inflation

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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