

January
2024

CROSS ASSET INVESTMENT STRATEGY

TOPIC OF THE MONTH

Europe: time for fiscal consolidation

GLOBAL INVESTMENT VIEWS

Bonds and EM stand out in the Santa Rally

Trust
must be earned

Amundi
ASSET MANAGEMENT



Monica DEFEND
Head of Amundi
Investment Institute

“The Fed seems to be in a ‘dovish pause’ mode following progress on the inflation front, and we think it is likely to retain this stance until it starts to cut rates towards the end of Q2.”



Vincent MORTIER
Group Chief Investment Officer

“While the year-end rally may offer some tactical opportunities, we are maintaining a slightly cautious view on equities as markets are priced for a Goldilocks scenario.”



Matteo GERMANO
Deputy Group Chief Investment
Officer

“Markets have priced significant gains, despite expectations of subdued growth this year. We remain defensive but maintain flexibility across the board.”



January 2024

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Europe: time for fiscal consolidation

KEY TAKEAWAYS: The public finances of Eurozone countries began to improve in 2023 and fiscal consolidation will intensify in most Eurozone countries during 2024. Still, fiscal vulnerability – particularly for the most heavily-indebted countries – will rise over time, leading to a higher probability that public debt will not stabilise. The aim of the new fiscal rules is to ensure the long-term sustainability of public finances, but funding for the green transition could suffer.



Didier BOROWSKI
Head of Macro Policy
Research - Amundi
Investment Institute

“It’s important to start reallocating resources to preserve priority spending now in preparation for tougher times ahead.”

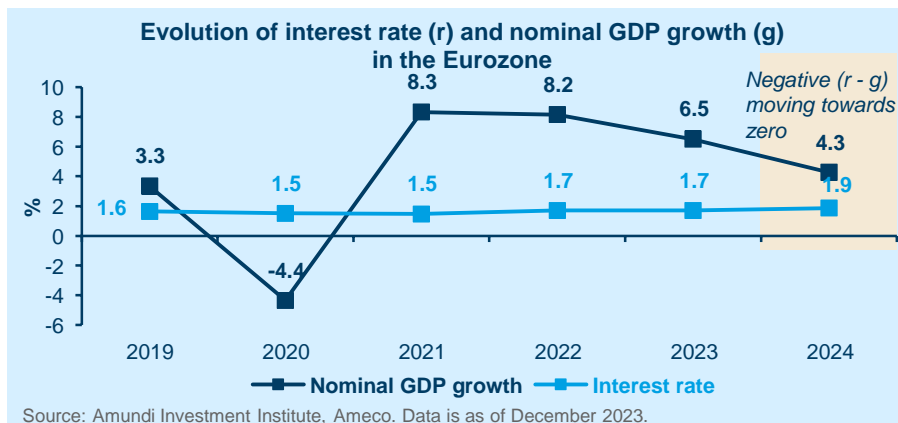
In an environment of weak growth, governments have less budgetary leeway. Indeed, for highly-indebted countries, the rise in effective interest rates paid on debt will increase debt-servicing costs and, all other things being equal, contribute to higher debt-to-GDP ratios. True, the public finances of Eurozone countries began to improve in 2023, with a recovery in tax revenues, helped by inflation, and the gradual removal of support measures. And fiscal consolidation will intensify in 2024. **Based on a change in the cyclically-adjusted primary balance, the fiscal impulse is estimated to rise from -0.3% to -0.85% of GDP in 2024.**

The growth-rate dynamic will not always remain so favourable

The difference between the interest rate and the GDP growth rate – known as $(r - g)$ – is still negative in all countries, but is approaching zero. This simple measure sums up the severity of budget constraints. When $(r - g)$ is equal to zero, the dynamics of the debt/GDP ratio are simple: if the government runs a primary deficit, the debt ratio rises / if it runs a surplus, the debt ratio falls.

Most Eurozone countries are currently running primary deficits. As they refinance their debt, the average interest rate on the debt (the effective rate) will reflect the higher long-term market rate. Budget constraints will inevitably tighten, with the $r-g$ threatening to slip back into positive territory (because of weak growth, disinflation and higher bond yields).

Public finances are sustainable in Europe, however, fiscal vulnerability will increase over time, particularly for the most heavily-indebted countries. The probability that public debt will not stabilise is increasing. It is necessary to replenish resources for a rainy day now and to reallocate resources to preserve priority spending. This adjustment must be made very gradually to avoid overly pro-cyclical fiscal measures.





New fiscal rules: the sword of Damocles hangs over green transition financing

The newly agreed fiscal rules are particularly complex (see box) and far from the initial objective. This complexity is the result of a compromise between governments with initially conflicting positions. Nevertheless, they represent a step forward compared to the old rules. **The main aim is to make governments more accountable and to encourage them to promote reforms and investment. Governments that play the game will benefit from greater flexibility.** The rules will only apply from 2025.

In addition, to avoid a brutal adjustment for the countries that will fall into the Excessive Deficit Procedure (EDP) in 2024 (such as France and Italy), it has been agreed that the increase in interest charges on debt will not be taken into account in the measurement of the structural deficit over the period 2025-27. Budget cuts should thus remain contained over this period.

It is too early to judge the effectiveness of the new fiscal rules and their impact on growth. **It is even more true that it will be quite difficult to reconcile these rules with the huge investments needed to finance the green and digital transition** (€700bn per year according to the European Commission - EC). In the absence of a central fiscal capacity, this new institutional arrangement is unlikely to be more respected than the previous one. The EC will need to be pragmatic.

Box: Takeaways regarding the new fiscal rules of the Stability and Growth Pact

The rules were approved by EU Member States on 20 December 2023. The European Parliament will examine these rules in the coming weeks. A favourable vote is expected by end Q1 2024 at the latest.

The 4-year budget plan

- Each country will have to draw up a 4-year budget plan in collaboration with the European Commission (EC). The EC may extend the adjustment period from 4 to 7 years, provided that the country is willing to implement pro-growth reforms and invest in the areas of green and digital transition.
- As part of this plan, each government will pledge to respect a net expenditure trajectory. This trajectory is based on a debt sustainability analysis (DSA), which enables a tailor-made adjustment plan.

Fiscal targets

- After a fiscal adjustment plan (lasting 4 or 7 years), the deficit must not exceed 1.5% of GDP. The aim is to build up a reserve for a rainy day.
- Countries with deficits of between 1.5% and 3% of GDP will also have to undertake further efforts. The reduction of the deficit should be at least 0.4% of GDP per year (if the adjustment period is 4 years) and at least 0.25% of GDP per year (when the adjustment period is extended to 7 years).
- Countries whose debt is between 60% and 90% of GDP will have to reduce their debt ratio by 0.5pp per year over the adjustment period. If the debt exceeds 90% of GDP, the effort will have to be greater (1pp per year) on average over the adjustment period.

Excessive Deficit Procedure

- The adjustment plan for net expenditure will be based on the strictest of the three criteria (DSA, deficit or debt). The EC will be responsible for monitoring. If a country deviates from the net expenditure path by more than 0.3% of GDP in one year or by more than 0.6% of GDP in total over the entire adjustment period, the EC will decide whether to initiate an Excessive Deficit Procedure (EDP).
- Defence expenditure receives special treatment (not included in net expenditure).
- The Excessive Deficit Procedure (when the annual deficit exceeds 3% of GDP) is maintained. Many European countries (including France and Italy) will fall under the EDP from 2024. Under this procedure, the adjustment will not relate to the net expenditure path but to the structural deficit, which will have to be cut by 0.5% of GDP each year until it falls below 3%.
- In the event of non-compliance with the EDP, the fine will be limited to 0.05% of GDP, a much lower level than previously. The agreement implicitly relies on a "name and shame" procedure by the EC to encourage Member States to respect their commitments.



MACROECONOMICS, GEOPOLITICS, AND
STRATEGY

by Amundi Investment Institute



Core services remain pivotal to the disinflationary process



Mahmood PRADHAN
Head of Global
Macroeconomics -
Amundi Investment Institute



Annalisa USARDI, CFA
Senior Economist – Amundi
Investment Institute

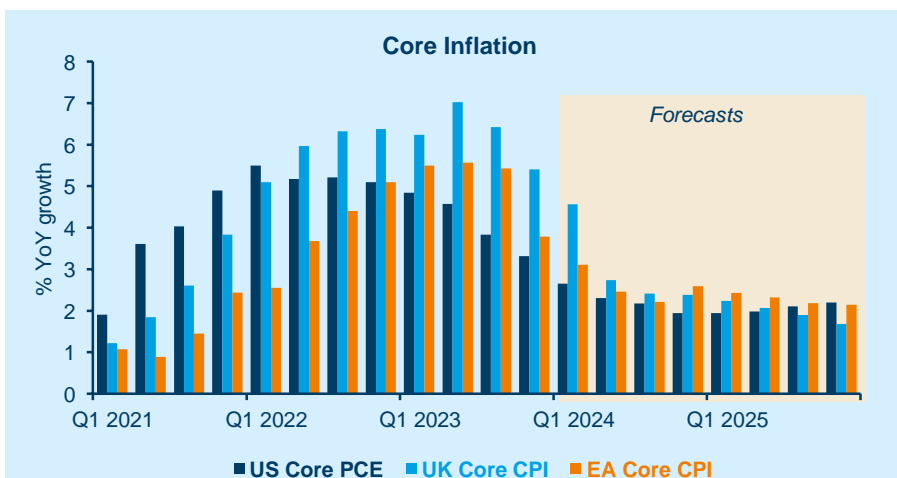
“The easiest part of the disinflationary trend is past, we now need to see moderation in the labour market to keep inflation around target.”

Recent Q4 2023 inflation data in the Euro Area, UK and US, on net have surprised on the downside, with year-over-year (YoY) rates of headline inflation now standing at 2.9%, 3.9%, 3.4% respectively, prompting expectations of a faster than expected reversion to target.

A rapid disinflationary trend, more dramatic in headline than in core, has been at work across Developed Markets (DM), helped by very favourable base effects on energy prices which are now set to progressively fade and become less prominent, if not marginally adverse. The expiry of the special measures implemented by national governments, particularly in Europe, to reduce the impact of the energy shock back in 2022 may temporarily lift the energy contribution to headline inflation and add to near-term volatility. Thus, while the general disinflationary process is poised to continue (we expect goods prices to continue falling in 2024), we also believe that **the “easier part” of the disinflationary process is past** and that the path to bring core inflation back to target will require a **substantial moderation in demand and growth**. Though core CPI remains above target in all three regions – US (3.9%), UK (5.1%) and Euro Area (3.4%) – macroeconomic policy settings, especially monetary policy, are sufficiently restrictive to deliver this growth slowdown.

Normalised supply chains, expected sub-par economic growth and a shift in domestic demand from goods to services point to a continued price moderation across core goods in 2024, as part of a global phenomenon which should similarly impact the US, UK and Euro Area.

For core service prices, though, the dynamics remain more complex: while economic growth has been moderating progressively, demand for services remains resilient, supported by ongoing healthy wage growth, thus keeping pricing power and price levels elevated in the service sector. As such, **we think that a significant moderation in labour market tightness and wage dynamics will be key to keeping inflation stable once it is around central bank target levels**. The weak growth we expect for 2024 should help on this front.



Source: Amundi Investment Institute, Bloomberg. Data is as of 31 December 2023.



Housing turnaround ahead?

The recent decision by Beijing and Shanghai to ease their stringent house purchase restrictions has rejuvenated hopes for a more stable Chinese housing market in 2024. However, it's worth noting that the effects of these policy changes are likely to be constrained. Tier-1 cities, including Beijing and Shanghai, account for just 3% of the national floor space sold, meanwhile, an increasing number of households are selling their homes on the secondary market.



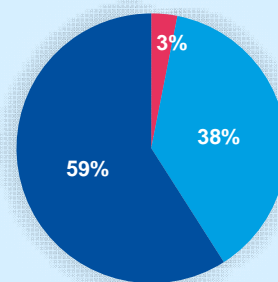
Claire HUANG

Senior EM Macro Strategist -
Amundi Investment Institute

“No sign of the Chinese real estate market correction halting.”

We expect additional price falls, particularly in the large cities that have thus far avoided significant price corrections. The Chinese real estate market is expected to continue its correction in 2024, characterised by a combination of price and volume adjustments.

Share of floor space sold by tier of cities (% of national total)



■ Tier-1 (4) ■ Tier-2 (45) ■ Lower-tier (288)

Source: Amundi Investment Institute, China City Statistical Yearbook 2022 (published in April 2023). In brackets the number of cities in each Tier group.

Easing activity in December

Broad industrial and manufacturing indicators still outline robust economic momentum early in the quarter, despite December's PMI softening across the board (54.9 from 56). Domestic demand leads external demand with new orders at 57.3 and export orders at 53.2. Food prices, the most erratic and relevant component, drove overall inflation up to 5.6% YoY in November from 4.9% YoY, by contributing 3.7%. The December Inflation reading is expected to reach 6% YoY.

Manufacturing Dynamics



— IN S&P Global PMI: Manufacturing Seas. Adj.
— IN S&P Glob. PMI: Man. - New ord. Seas. Adj.
— IN S&P Glob. PMI: New export ord. Seas. Adj.

Source: Amundi Investment Institute, Datastream Eikon. Data is as of 15 December 2023.

November fiscal data confirm a picture that remains sound with Financial Development at around 51% of the FY24 (Fiscal Year) Budget 8 months into the fiscal year. A very mild diversion towards less productive expenditure is on its way. Q2 FY24 CAD (Current Account Deficit) has reduced to 1.0% of GDP from 1.7%: buoyant services exports are partially offsetting weak goods exports.



Alessia BERARDI

Head of Emerging Macro and Strategy Research –
Amundi Investment Institute

“No fiscal slippage despite more pre-elections measures being announced.”



Macroeconomic snapshot



After a strong Q3 performance, we expect the US economy to progressively weaken driven by moderating domestic demand impacted by tighter credit conditions. While Q4 23 posted moderate growth, we still expect a more marked deceleration in H1 24. In the meantime, inflation will gradually decelerate thanks to weakening services inflation, which has so far remained sticky.



After the weak Q3 print, feeble PMIs provide evidence that the Eurozone economy is already in a phase of lacklustre growth, driven by the deterioration of financial conditions, demand and business confidence. Weaker global growth and less supportive fiscal policy will ensure growth remains weak for the next few quarters. Inflation will progressively slow towards target, although this will be faster for headline inflation than for core.



We have revised our projections for the UK slightly lower as we see domestic demand slowing, the labour market deteriorating and capex spending remaining weak, due to tight monetary policy, a weak external environment and ongoing elevated inflation. The fiscal side may provide some modest support. Inflation is expected to moderate going forward, moving closer to target around year-end 2024.



Japan's Q4 data reaffirms our view of a bumpy and above-trend recovery. While goods consumption data surprised on the downside, consumer sentiment improved further towards the year-end. Industrial production proved more resilient than expected, expanding in Oct-Nov despite a contraction in exports and imports.



In Poland, inflation is gradually declining. Headline inflation decreased to 6.3% YoY in December from 6.6% in November, albeit remaining well above the central bank's target range of 2.5% +/-1%. We expect the Narodowy Bank Polski (NBP) to remain on hold for the time being. In terms of economic activity, the December manufacturing PMI declined slightly from 48.7 in November to 47.4, while the PMI was slightly up over the quarter. New orders, on the other hand, dropped for 22 consecutive months and export orders also declined.



South Africa's headline inflation came in at 5.5% YoY in November down from 5.9% in October, while core inflation edged up to 4.5% YoY in November from 4.4% in October. Our headline inflation forecast for 2024 is 5.1% (6% in 2023). We expect the SARB to start the easing cycle this quarter bringing the policy rate to 7.75% from 8.25% by the end of Q1 2024.



Economic momentum in Mexico is firm but starting to show signs of an overheated economy in need of a break. Services saw a 0.5% decline in October, reinforcing our H2-visibly-softer-than-H1 story for next year. Meanwhile, disinflation is benefiting from slowing core goods but services inflation remains sticky. After dovish turn in November, and arguably lining up a cut in Q124, Banxico sounded more cautious in December suggesting a cut in Q1 is not a given.



Brazil's GDP continues to slow by design – high policy rates – and barely expanded in Q3 (0.1%), while the Banco Central do Brasil (BCB)'s economic activity proxy just contracted at the start of Q4/November. Inflation continued to improve – annual IPCA slowed to 4.7% YoY in November. The BCB maintained its 50bps easing pace in December (4th cut to 11.75%) and its forward guidance pointed to the pace remaining unchanged in light of fiscal concerns.

More and more CBs approaching the pivot

Developed markets

The Fed meeting was a clear “pivot” towards easier monetary policy. The **“Higher for longer” narrative is over.**

The Fed does not want to restrict the economy longer than necessary. FOMC (Federal Open Market Committee) members are now strongly attentive to the impact of higher rates on growth. The Fed is now back to the point where both mandates (price stability and maximum sustainable employment) are important.

Despite recent positive developments, **Christine Lagarde said the ECB shouldn’t lower its guard as inflation tumbles.** She admitted that “we did not discuss a ratecut at all”. The ECB expects an uptick in inflation over the coming months. Wages are the biggest factor. The ECB remains particularly concerned about wage development in the context of falling productivity.

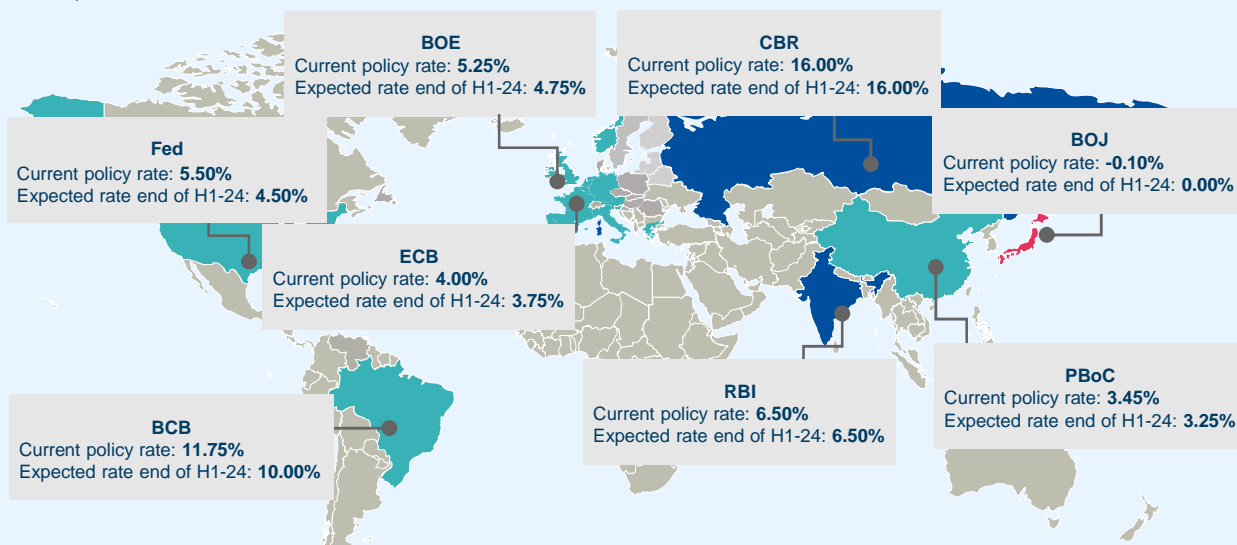
The divergence between the Fed and the ECB is particularly notable given the **Eurozone’s recent weaker economic performance and more rapid disinflation compared to the US.**

Meanwhile, **the BoE maintains a cautious stance,** showing no indication of deviating from its ‘higher-for-longer’ policy.

Emerging markets

During December, global financial conditions remained benign in terms of core rates and the USD, allowing **EM Central Banks to continue their easing cycle** and using their own domestic economic conditions as the main driver of monetary policy conduct. In December, **BanRep in Colombia and CNB in the Czech Republic joined the group of Central Banks already in an easing cycle,** starting gradually (-25bps each). With Inflation still around 10%, **BanRep in Colombia took its policy rates to 13%,** in line with the consensus. On the back of a more pronounced disinflationary trend, we expect BanRep to deliver larger cuts in 2024 (over 400bp). With the disinflationary path resuming in November, **CNB started its easing cycle** (policy rates at 6.75%) against our expectations for a start in early 2024. We confirm our expectation of policy rates at 4% by the end of 2024. On an opposite path and with a more idiosyncratic narrative, the **Central Bank of the Republic of Turkey hiked again,** moderating the pace (+250bps to 42.5%). The end of the hiking cycle is near (after 3400bps of hiking) and the terminal rate should be at 45%.

Amundi’s assessment of central bank rates trend, six-month ahead



Source: Amundi Investment Institute as of 10 January 2024. Amundi’s assessment of central bank rates trend is based on Amundi Institute’s forward-looking judgement of policy rates direction, based on our intake from forward guidance and CB communication.

KEY DATES	25 January	31 January	1 February
	ECB Governing Council meeting	US Federal Open Market Committee (FOMC) meeting	BOE Monetary Policy Committee meeting



2024 a year of bigger downside risks



Anna ROSENBERG
Head of Geopolitics -
Amundi Investment Institute

“2024 will seem like 2023 with even higher risks – rather than be like 2018.”

For those wanting a binary assessment of risk: **our base case (around 60%+) across the board is that the big geopolitical hotspots should not boil over next year.** However, it is important to note that 2024 will seem like 2023 with even higher risks (rather than be like 2018). **This means we will likely see downside surprises given the amount of risk in the system** and the appetite by some powers to exploit vulnerabilities to weaken the US and its allies. We have revised up the downside risks to many of our geopolitical scenarios for this year. In many instances, this risk is as high as 40%, meaning it is best to be prepared and think through the implications of what could occur should such a risk play out.

In Israel, while the base case that the conflict stays ‘local’ remains, current developments are a reminder that the risk of broader regional escalation remains acute. While Iran is unlikely to directly involve itself, there is a growing likelihood that Israel may decide to strike Iran.

With regard to relations between China and Taiwan: **we expect a more China-hawkish government to be in place after the January election, so tensions with China will likely rise.** Even if the more China-friendly opposition wins, while relations between Taiwan and China would improve, they would likely deteriorate between the US and Taiwan and therefore between the US and China.

For Russia/Ukraine, continued fighting is the most likely scenario for most of 2024, with Russia likely going on an offensive ahead of the US elections.

POLICY



Eurozone: mind public debt divergences



Didier BOROWSKI
Head of Macro Policy Research -
Amundi Investment Institute

“Most countries will have very little fiscal room for manoeuvre to absorb new shocks.”

Fiscal consolidation is essential. Persistent upward pressure on spending and higher interest charges are complicating governments' tasks. The 2024 budgets allow for a reduction in public deficits, thanks to the removal of temporary measures and an expected return to growth. But official GDP growth forecasts are too optimistic.

The debt of certain countries (France, Italy and Belgium) will hardly stabilise. This means that ambitious counter-cyclical fiscal policies are a thing of the past.

In Germany, the debt-brake rule imposes a form of fiscal consolidation that is difficult to reconcile with Germany's structural weaknesses and risks being counterproductive in a period of recession. This consolidation is likely to





harm potential growth, particularly if investment plans are scaled back.

In France, the savings made by cutting energy-related supportive measures are offset by increased spending in other priority areas. The government expects the deficit to return to 3% of GDP, but not before 2027.


In Italy, the debt burden continues to hamper the fiscal outlook. Reductions in public spending are limited to a gradual reduction of the temporary spending related to Covid and the energy crisis. This reduction is likely to be offset by an increase in debt servicing. Rather than raising taxes, the government plans to stimulate growth through a €250bn national stimulus programme.

In short, the Eurozone lacks ambition. This could come at a high price.

Central and alternative scenarios

	DOWNSIDE SCENARIO Global downturn Prob. 20%	CENTRAL SCENARIO Sharp slowdown in global growth Prob. 70%	UPSIDE SCENARIO Economic resilience Prob. 10%
 Geopolitics	<ul style="list-style-type: none"> Worsening Ukraine war. Extension of the conflict in the Middle East (Iran). More protectionism and increased retaliation to protectionist measures. 	<ul style="list-style-type: none"> Ukraine-Russia: ongoing fighting (ceasefire less likely). Israel: Conflict likely to remain local. China/US: a controlled downward trajectory. More protectionism, near-shoring / friend-shoring. 	<ul style="list-style-type: none"> De-escalation / ceasefire in Ukraine. End of the Israel-Hamas war. Lower energy or food prices.
 Inflation and policy mix	<ul style="list-style-type: none"> Sticky core inflation leads to tighter financial conditions. Financial stress. Two sub-scenarios with different paths for key rates: modest recession: inflation risks may still prevail; and strong recession: large rate cuts as soon as H1 2024. The second is the most likely. 	<ul style="list-style-type: none"> Inflation to slow gradually; sticky core inflation, should approach target by end-2024. DM CB: status quo, no rate cuts before end-Spring Fed Funds rate back to 3.75% by end-24 (-150bp) in line with the expected disinflationary trend of the core PCE deflator. ECB (-125bp), with a first rate cut in June 2024. Most EM CBs have hit peak rates. Rate cuts expected in some countries, particularly in LatAm. Very different fiscal policies in different countries. EU fiscal policies to tighten. The US fiscal impulse (IRA, CHIPS act) to lose steam in 2024. EM fiscal space constrained amid prudent stance. Moderate fiscal measures in China to contain the slowdown. 	<ul style="list-style-type: none"> In line with expectations of gradual reduction of interest rate.
 Growth path	<ul style="list-style-type: none"> More widely spread recessionary outlook (global growth well below 2%). 	<ul style="list-style-type: none"> The global slowdown is becoming increasingly synchronised: very anaemic growth in Europe (with growing recession risks), shallow US recession in H1 2024, marked slowdown and rapid transition to a slower growth regime in China. Tightening credit conditions to hit DM economic activity in the coming quarters. Growth gap to still favour EM in 2024-25. 	<ul style="list-style-type: none"> In case of pronounced cyclical disinflation, we could see a faster-than-expected return to potential growth in 2024, particularly in Europe, where household savings are abundant. IMF- or ECB-type scenario.
 Climate change	<ul style="list-style-type: none"> Climate transition measures postponed: more climate events hitting supply chains or food security. 	<ul style="list-style-type: none"> Climate change hampers growth and exacerbates stagflationary trends. 	<ul style="list-style-type: none"> Climate change policy and energy transition are top priorities and coordinated across regions.

Risks to central scenario

	HIGH	PROBABILITY		LOW
	20%	20%	20%	15%
	Geopolitical risk and war escalation	Deep profit recession	Macro financial risks triggered by tighter credit and liquidity conditions	Persistent stagflationary pressure (US / Europe)
 Market impact	Positive for DM govies, cash, gold, USD, volatility, defensive assets and oil.	Positive for cash, JPY, gold, quality vs growth, and defensives vs cyclicals.	Positive for US Treasuries, cash, and gold.	Positive for TIPS, gold, commodity FX, and real assets.
	Negative for credit, equities and EM.	Negative for risky assets and commodity exporters.	Negative for credit.	Negative for bonds, equities, DM FX and EM assets.

Source: Amundi Investment Institute as of January 2024. DM: developed markets. EM: emerging markets. CB: central banks. USD: US dollar. TIPS: Treasury inflation-protected securities. FX: foreign exchange markets..

Cross Asset Sentinels Threshold (CAST)

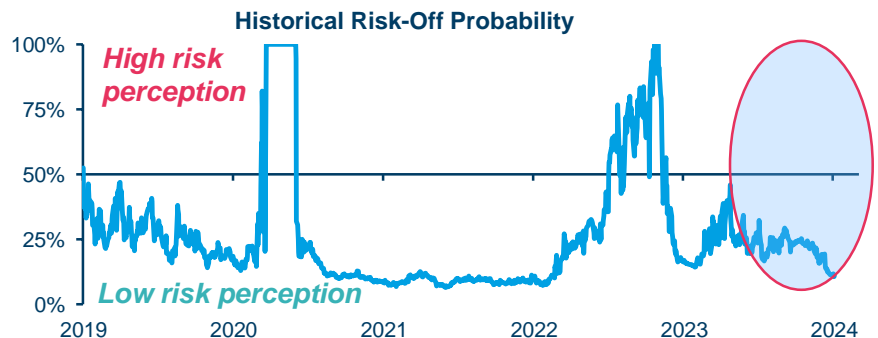


Lorenzo PORTELLI
Head of Cross Asset Strategy, Head of Research at Amundi Italy – Amundi Investment Institute

“Financial conditions can influence markets’ risk perception and ultimately inform asset allocation decisions.”

What is the model about?

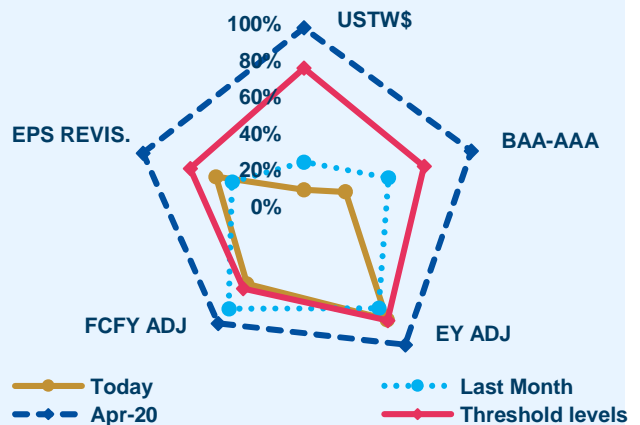
- The rationale:** CAST is Amundi Investment Institute’s (AII) model to assess the extent to which financial conditions pass through to corporate fundamentals and valuations. As market risk perception tends to be correlated with financial conditions, a deterioration in the latter would point to an increasingly defensive asset allocation.
- Model setup:** CAST consists of five selected sentinels, which aim to generate the probability of markets being in risk-off mode. An alert threshold is estimated for each sentinel and represents the level beyond which the sentinel has historically flagged an episode of elevated market stress and heightened risk aversion. Indeed, thresholds can be seen as signposts of excessive market complacency for investors and signal a possible turning point for risky assets.
- Model output:** as the sentinels move towards their threshold levels, market risk perception increases and the probability of a risk-off phase rises exponentially if such a level is exceeded.



What are the current signals?

- Right now, CAST is pointing to a risk-off probability of 11%, which is close to its historical lows.
- Currently, the two sentinels for equity multiples (FCFY adj and EY adj) are just a few percentage points below their alert thresholds, signalling that equity valuations have become expensive compared to profit levels and the cost of financing credit.
- The remaining three sentinels are quite far from the alert zone and are meaningfully contributing to the low risk-off probability.

CAST and main drivers' contributions - Daily readings vs alert thresholds



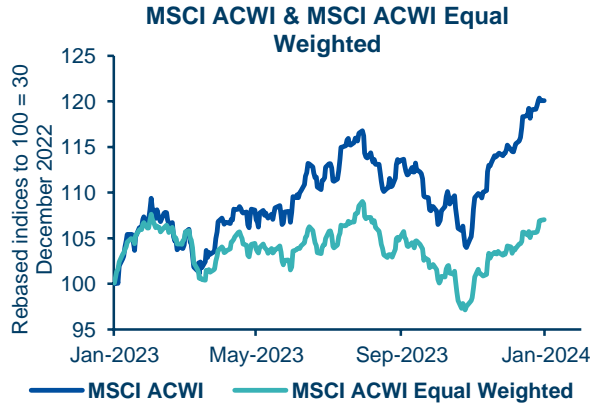
Source: Amundi Investment Institute, Bloomberg. Data is as of 5 January 2024. USTW\$ = US broad trade-weighted dollar (QoQ); BAA-AAA = Moody’s Baa and Aaa credit spreads gap; EPS REVIS = S&P 500 net EPS revisions ratio; FCFY ADJ = S&P 500 adjusted* free cash flow yield; EY ADJ = S&P 500 adjusted* earning yield. (* adjusted for the level of Moody’s Baa-Aaa credit spread)

Equities in charts

Developed markets

Broadening of the year-end rally

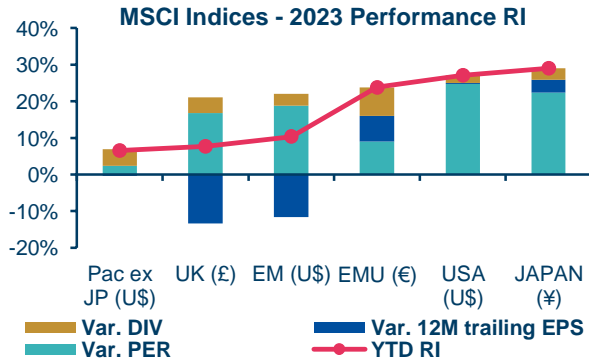
While the gap between MSCI ACWI capital weighted and equal weighted indices extended throughout 2023, the year-end rally broadened the participation.



Source: Amundi Investment Institute, Datastream. Data is as of 2 January 2024.

Japan and US top of regional performers

Japan, USA and EMU benefited from rising P/E's and EPS. For EM and the UK rising P/E's compensated for declining EPS. In Pacific ex Japan, dividends were key.



Source: Amundi Investment Institute, Datastream. Data is as of 2 January 2024. YTD RI: performance of indices in total return over 2023; Var EPS: variation of the 12 months trailing EPS over 2023; Var PER: contribution of the P/E; Var DIV : contribution of dividends in the total return of the index over 2023.



“2023 turn out to have been a positive year for equities as a whole.”

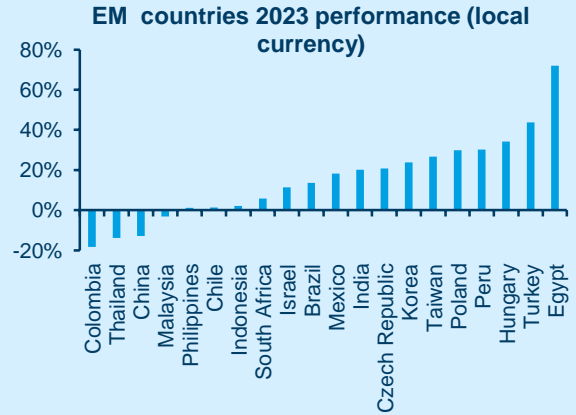
Eric MIJOT

Head of Global Equity Strategy - Amundi Investment Institute

Emerging markets

2023 was positive for EM, despite China

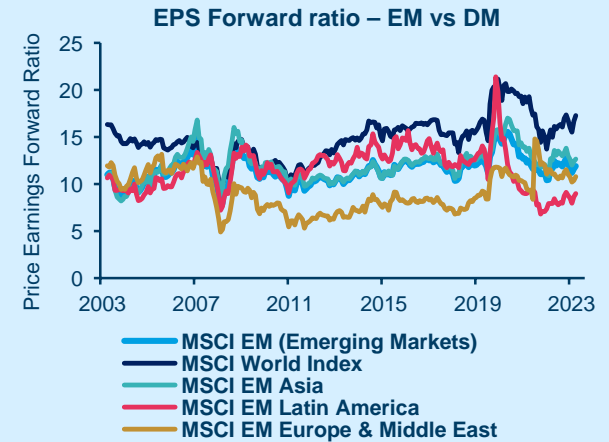
2023 Emerging Market performance was positive, but strongly hindered by China.



Source: Amundi Investment Institute, Factset. Data is as of 31 December 2023.

LATAM and EMEA stand out vs DM

Valuations are still supportive for EM market vs DM, particularly for LATAM and EMEA.



Source: Amundi Investment Institute, Factset. Data is as of 31 December 2023.

“2023 was positive for EM, despite China’s performance.”



Alessia BERARDI

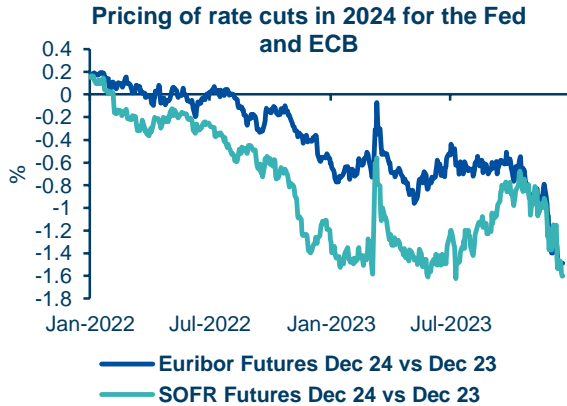
Head of Emerging Macro Strategy – Amundi Investment Institute

Bonds in charts

Developed markets

Inflation expected to quickly return to 2%

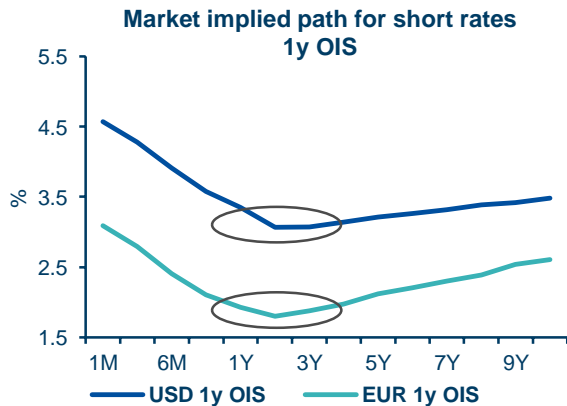
The pricing of ECB rate cuts in 2024 has accelerated since end October to -150 bps, in line with the US, despite a more hawkish ECB.



Source: Amundi Investment Institute, Bloomberg. Data is as of 21 December 2023. SOFR: Secured Overnight Financing Rate.

Both Fed and ECB short rates to be cut

The ECB short rate is expected to fall below 2%: expectations of cuts below neutral and/or a downward revision of the neutral rate.



Source: Amundi Investment Institute, Bloomberg. Data is as of 21 December 2023. OIS: Overnight indexed swap.



“The strength of demand and the labour market will play a crucial role in setting the path of the monetary policy.”

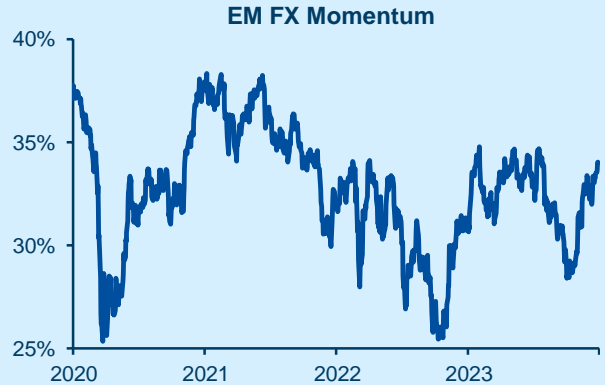
Valentine AINOUS

Head of Global Fixed Income Strategy - Amundi Investment Institute

Emerging markets

EM FX on the recovery path

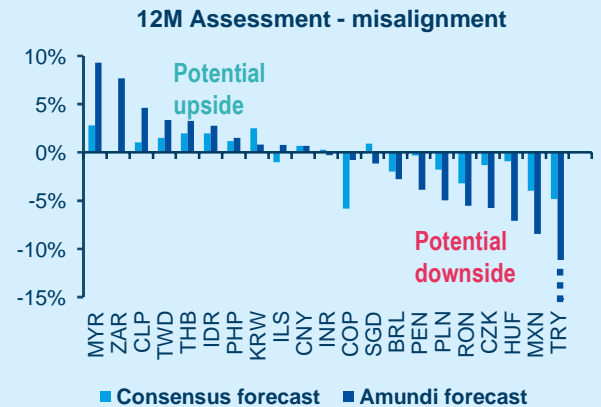
Emerging markets currencies showed a mild recovery in 2023, with a pronounced upside trend especially in the last quarter.



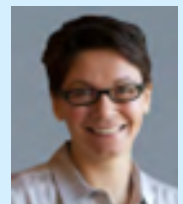
Source: Amundi Investment Institute, Bloomberg. Data is as of 31 December 2023. Momentum calculated as the cumulated average of the EM FX vs USD performances.

Room for further upside for some currencies

After the recent rally, we see more upside over a 6-month horizon for those EM Asian currencies that underperformed in the last year.



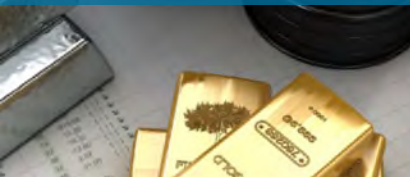
Source: Amundi Investment Institute, Bloomberg. Data is as of 20 December 2023. Turkish lira (not fully included above) is - 31.10%.



“The risk-on mood has benefitted EM currencies in the last month.”

Alessia BERARDI

Head of Emerging Macro Strategy – Amundi Investment Institute

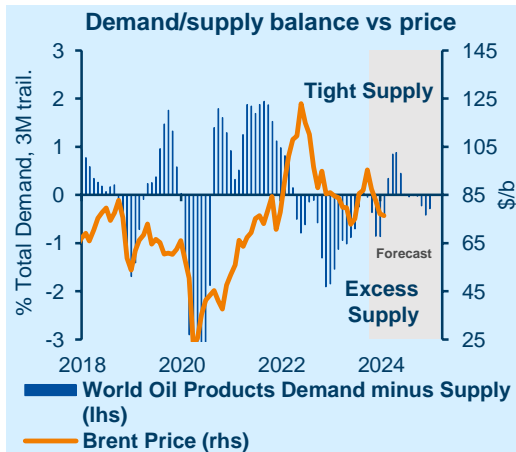


Jean-Baptiste BERTHON
Senior Cross Asset Strategist –
Amundi Investment Institute

“US supply and lower Opec credibility have capped prices.”

Modest oil upside still ahead

Higher non-Opec supply and a loosening of Opec+ discipline were key caps for oil prices. US output surprised on the upside in 2023, thanks to improved drilling techniques while tapping into the reserves of wells near completion. The well inventory now needs to be rebuilt and the price incentive for shale producers is less attractive, which would limit future surprises from US output. Also, OPEC+ is yet to deliver on its recent cut commitments, even though compliance on quotas will be harder to achieve. **Geopolitics has also not been supportive.** Houthi rebel attacks in the Red Sea are more of a global trade issue than an oil supply risk. Yet, an escalation can't be ruled out. Demand would remain stable amid relatively resilient world growth. With modest market tightness in sight, and with oil both cheap and under-owned, we see Brent drifting towards \$85/b.



Source: Amundi Investment Institute, Bloomberg, IEA, OECD, OPEC. Data is as of 8 January 2024.

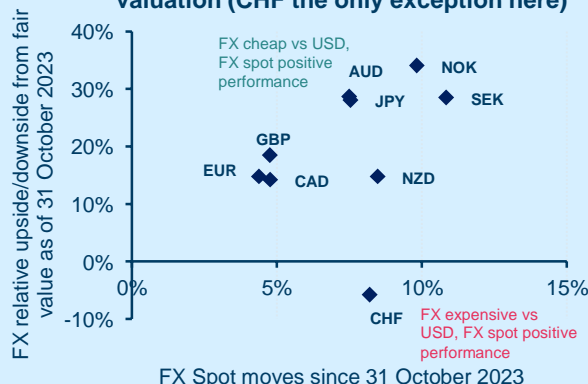
CURRENCIES

The fall of the USD and the “early cycle signal”



The USD sold off aggressively in Q4 2023, with no exceptions across G10. While the negative December USD seasonality certainly played a role, the main drivers of the move were a combination of weak US economic data and a dovish Fed meeting in December. The FX reaction seems consistent with the positive performance of both bonds and stocks during that time, yet we feel the rapid USD catch-up to its fair valuation seems premature and implies caution when chasing the market from here.

The move since the end of October 2023 has been consistent with relative valuation (CHF the only exception here)



Source: Amundi Investment Institute, Bloomberg. Data is as of 31 December 2023.

Historically, the USD mean reverts to fair value when a new cycle starts and growth expectations bottom out, but these conditions are far from being met. As the market is no longer long USD and seasonality is less of a headwind in Q1, we struggle to identify imminent catalysts for further USD weakness in the short term.



Federico CESARINI
Head of DM FX - Amundi
Investment Institute

“The rapid USD catch-up to its fair valuation seems premature and caution is needed.”



GLOBAL INVESTMENT VIEWS



Bonds and EM stand out in the Santa Rally



Vincent MORTIER
Group Chief
Investment Officer

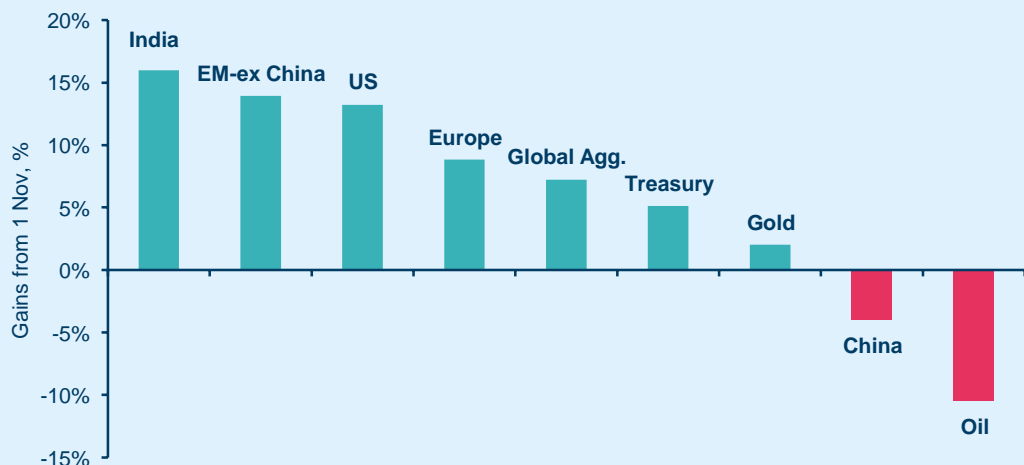


Matteo GERMANO
Deputy Group Chief
Investment Officer

Declining inflation pressures and a relatively dovish Fed caused bonds and risk assets to gain in recent weeks. But risks related to speculation are rising, as markets have already priced in lot of gains expected in 2024. We agree that central banks (CB) will pivot in 2024, but believe rate cuts would start from May/June. The reasons behind this moves are also important. In our view, a slowing economy (not just slowing inflation) will push the Fed towards easing, as the bank will be watchful of any upside surprises on inflation. We see the below themes as the likely main drivers for the global economic environment:

- **Inflation is declining, but it's too soon to declare victory.** US core inflation is displaying stickiness, and the ECB is concerned about wage rises as it pushes back against market expectations of cuts in the near future. CBs could wait a few months before easing policy.
- **US and Europe weakening.** Labour markets are loosening, and consumers' views of worsening job security adds to our forecasts of a mild US recession in H1. This, coupled with a slowdown in China, would affect Europe, where forward-looking indicators are weak, while the rest of Asia and EM should remain resilient.
- **Fiscal constraints in the US and Europe.** Currently, markets are ignoring the long-term US debt sustainability issues and are driven by the Fed policy outlook. In Europe, the German budget deal is a compromise that seeks to cut spending, but it could affect growth.
- **Geopolitics is in focus as we enter a year of elections,** starting with Taiwan in January.

Rally has been positive, but be mindful of excesses



Source: Amundi Investment Institute, Bloomberg, 29 December 2023. Asset classes represented through indices. Equity are MSCI price indices in local currency. Bonds are Bloomberg indices.



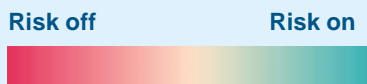
“While the year-end rally may offer some tactical opportunities, we keep a slightly cautious view on equities as markets are priced for a Goldilocks scenario”.

Investors could explore the following asset classes:

- **Cross asset – Despite the recent move up in yields, USTs and select government bonds may act as a diversifier of portfolios at a time of potential economic stress in H1.** At the other end, we stay slightly cautious on developed market (DM) equities, but investors should not rule out a tactical upside that may be played through derivatives. On emerging markets (EM), however, we are positive but see potential for some consolidation following performance of markets such as Brazil. In FX, we shifted closer to neutral on the USD after its recent excessive fall against cyclical FX. But we maintain our cautious USD views against the JPY. Overall, we stay diversified through commodities.
- **Fundamentally attractive risk-free yields support a positive stance on US bonds, but after the recent rally, investors should maintain a flexible duration management approach.** In Europe, there is long-term value in duration, but we turned marginally cautious tactically amid the recent strong movements. We remain defensive on Japan, with a very active stance. In corporate credit, spreads in US IG and HY have tightened to early 2022 levels, which keeps us very selective and biased towards high grade.
- The operating and earnings environment for equities is challenging and a normalisation of the economy after H1 supports a healthier broadening of sentiment in markets. For now, **we stay neutral on Japan and cautious on the US and Europe, particularly large caps, growth** and the ‘magnificent seven’ tech stocks. Instead, we prefer to keep a balanced stance, and like defensive, low-beta names, but not just in the traditional sectors. Further, our views are tilted towards quality, value and dividend-oriented names in Europe, US.
- **Robust EM economic growth and a potential for earnings recovery underscore our positive views on equities.** We like consumer discretionary and financials, and country-wise, we see opportunities in India and Indonesia. In bonds, a potential Fed rate pivot, slowing EM inflation, and strong economic growth are key drivers of our views. At a regional level, we favour Latin America and look for selective ideas in sovereigns and corporates.



Overall risk sentiment



We are less cautious on risk assets to account for year-end tactical opportunities. Government bonds are a good diversifier as we head into a slowdown.

Changes vs previous month

- Fixed income: Tactically turned slightly cautious on core Europe duration.
- Cross assets: tactically manage the equity stance, with an overall cautious bias. In FX, we turned close to neutral on the USD.

Overall risk sentiment is a qualitative view towards risk assets (credit, equity, commodities) expressed by the various investment platforms and shared at the global investment committee. Our stance may be adjusted to reflect any change in the market and economic backdrop.

ECB= European Central Bank, DM= Developed Markets, EM = Emerging Markets, CBs = central banks, IG = investment grade, HY = high yield, HC = Hard Currency, LC = Local Currency. For other definitions see the last page of this document.

Three hot questions

1. After the latest inflation numbers in the US and Europe, how might the Fed and ECB's policy evolve?

With rapid progress on inflation and an imminent economic slowdown, we've witnessed a sharp fall in core yields. Markets are anticipating a much less restrictive monetary policy stance for 2024. We broadly agree with the magnitude of rate cuts currently priced in by the markets: 130bp of easing is priced in by December 2024 for the Fed and ECB vs our internal forecasts of 150bps for the Fed and 125bps for the ECB. However, we are sceptical on the timing. While markets expect the Fed and ECB to start rate cuts in March, we think cuts are likely to start in May/June.

Investment consequences:

- US duration: slightly positive
- Core Europe: neutral to slightly defensive

2. What is your view on the dollar amid concerns on US growth and a potential Fed pivot?

The recent fall in the dollar indicates that US exceptionalism took a hit in response to weaker-than-expected data and markets significantly repricing lower Fed fund rates. In the near term, we do not see additional room for a significant leg lower in the USD. However, renewed weakness is possible once the central bank cuts its policy rates. At the same time, massive upside is also unlikely, given the economic weakness and falling inflation.

Investment consequences:

- Close to neutral USD and EUR

3. How might the elections in Taiwan affect China, and the US-China relationship?

Elections in Taiwan are likely to result in a China-hawkish outcome. The ruling DPP, a hawkish party, is favoured to win the January presidential election but may lose its parliamentary majority. In this context, geopolitical risks around US-China rivalry may increase in the medium term, and could act as a fillip to themes such as near-shoring and supply chain reallocation in the new global realignment.

Investment consequences:

- Equities: neutral China, cautious Taiwan
- FX: slightly constructive on TWD as election risks largely priced in

"The US Fed seems to be in a 'dovish pause' mode after progress on the inflation front, but we think the job is not complete. The central bank is likely to remain in this mode until it starts to cut rates towards the end of Q2".



Monica DEFEND
Head of Amundi
Investment Institute

Amundi asset class views

	Asset class	View	Change m-1	Rationale
EQUITY PLATFORM	US	-/=		Markets are pricing in a Goldilocks scenario which has led to some areas of excess valuations. We stick to a balanced view, with a focus on names with earnings resilience.
	US value	+		We have a long-term positive view on value, but the trajectory will not be linear. In this phase, we combine this with quality (margin resilience, differentiated products).
	US growth	--		Market earnings expectations and high valuations do not match a likely mild recession. Any liquidity tightening could affect such inflated segments more.
	Europe	-/=		We acknowledge that Europe may benefit from slowing inflation. Our stance is selective, and balanced, leaning towards staples, industrials.
	Japan	=		Japan is a robust story at a time of growth pressures in other parts of DM. In addition, 1Q24 wage negotiations should further confirm the way out of deflation.
	China	=		We stay constructive long term, but short term, we are neutral and watchful of how the government balances short-term pain for more sustainable growth.
	Emerging markets ex China	=/+		The growth differential between select EM and DM is likely to remain high. We favour India, Indonesia, Brazil and Mexico.
FIXED INCOME PLATFORM	US govies	=/+		Despite the sharp fall in yields, we keep our positive stance on duration – but we stay very active, with a preference for the intermediate part of the yield curve.
	US IG corporate	=/+		We see fundamentals deteriorating slightly from healthy levels. In light of the coming slowdown, we focus on financials and on quality names, and cash flows.
	US HY corporate	-		The divergence between high and low quality is getting more evident as the default profile worsens for low-rated debt, where we are cautious.
	European govies	-/=	▼	We think the ECB will cut rates when inflation returns to target. After the rally we see an asymmetric risk-return profile, leading us to turn marginally cautious (neutral on BTPs).
	Euro IG corporate	=/+		We are mildly positive on IG and like sectors such as IG on consumer and automobile. We stay cautious on areas that could be more affected by a slowdown.
	Euro HY corporate	-/=		We are very cautious on low-rated segments such as CCC as fundamentals are deteriorating. We see value in higher-rated parts and short maturity debt.
	China govies	=		The diversification benefits of Chinese debt for global investors remain. The deleveraging plans of the government and PBoC policy actions are key in this respect.
	EM bonds HC	=/+		Valuations are attractive after the recent move lower in US yields. We prefer HY to IG, given spread levels. We favour countries and companies with strong finances.
	EM bonds LC	=/+		High carry, expectations of a weaker USD, and proactive CBs with regard to anchoring inflation are positive for LC debt. We are selective in light of the elections year.
	OTHER	Commodities		
FX				The aggressive selling in the USD makes us neutral in the near term. Current USD pricing already reflects Fed rate cuts for 2024. At the same time, we do not see massive upside for the dollar. We stay positive on the JPY vs the USD.



Source: Amundi as of December 2023. Views relative to a EUR-based investor. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product.

Flexibility is key after the recent rally

Dovish CB communications and declining inflation have been driving the positive backdrop in risk assets and bonds recently. While we welcome this rally, we are skeptical about how long it can be sustained and think that a reality check may come in early 2024 amid deteriorating fundamentals. A diversified stance that balances long-term convictions with short-term trends is key to enhancing potential returns. We are doing this by staying slightly positive on duration, cautious on DM equities (slightly less than before), becoming neutral on the USD, and exploiting market opportunities across DM and EM.

High conviction ideas. We are cautious on US and European equities, but acknowledge the tactical boost that may come from buybacks and sentiment improvement which may be explored via derivatives. On Japan, we maintain our neutral stance amid an improving domestic story. In EM, we are positive on a select group of countries, but also think investors should aim to benefit from this rally selectively: for instance, in Brazil. Overall, the picture regarding EM is optimistic.

On duration, we are positive on the US, and see curve steepening in the US & Canada. In Europe, despite the sharp fall in yields, we think weak economic growth still supports a small positive stance on European duration. In addition, with no immediate risks around Italian rating downgrades, we keep a small positive stance on BTPs.

On Japan, a positive economic outlook and expectations for the BoJ to end its NIRP in early 2024 allow us to maintain our cautious stance on JGBs.

Moving to EM bonds, we like both HC and LC, owing to strong fundamentals and disinflation in the US and slowing EM inflation. More accommodative DM and EM CBs should reduce some risks associated with a hard-landing of the global economy.

On the other hand, we see potential in high quality European credit, but are cautious on US HY.

In FX, after the recent decline, we turned neutral on the dollar, and are no longer positive on the AUD. The dollar movement has been excessive against cyclical FX such as the SEK, on which we moved cautious. This is supported by a weak Swedish economy in a recession. But against the JPY, we are defensive the USD. In EM, we are positive on the BRL/USD and INR/CNH. In light of the persisting Israel/Hamas war in the Middle East, we maintain our positive views on oil.

Risks & hedging. The economic backdrop and earnings concerns lead us to stay defensive on DM equities, but we think optionality and derivatives can help investors capture any near-term upside without altering the cautious stance. We also maintain safeguards in fixed income.



Francesco SANDRINI
Head of Multi-Asset Strategies



John O'TOOLE
Head of Multi-Asset Investment Solutions

“Duration is a conviction for us, but flexibility is important after the recent fall in yields, and in DM equities, a tactical upside may be exploited through optionality without changing the cautious stance”.

Amundi Cross-Asset Convictions

◆ Current stance ◀▶ Change vs previous month

		---	--	-	=	+	++	+++
Equities	DM				◀▶			
	EM					◆		
Credit								◆
Duration	DM							◆
	EM						◆	
Oil								◆
Gold								◆

Source: Amundi. The table represents a cross-asset assessment on a three- to six-month horizon based on views expressed at the most recent global investment committee. The outlook, changes in outlook and opinions on the asset class assessment reflect the expected direction (+/-) and the strength of the conviction (+/+/+/+/+). This assessment is subject to change and includes the effects of hedging components. FX = foreign exchange, BTP = Italian government bonds, BoJ = Bank of Japan, JGB = Japanese govt. bonds, BoE = Bank of England. For other definitions and currency abbreviations see the last page of this document.



Stay balanced amid some excessive euphoria



Fabio DI GIANSANTE
Head of Large Cap Equity

Overall assessment. The recent rally is largely based on easing financial conditions and expectations of a soft or no landing next year. There is a disconnect between valuations in some segments and their earnings potential, which raises risks of deratings. However, select markets such as Europe may benefit from peaking rates and bottoming-out of economic activity. We remain selective and explore value, quality names in DM (US, Europe, Japan) and EM.

European equities. Real wage growth is keeping consumption robust in Europe and disinflation is continuing. We prefer companies that can support margins and reward shareholders. Secondly, we stay balanced through our views on quality cyclical and defensive stocks, but in both we prefer cheap valuations. In cyclicals, industrials are among our main convictions, but there are opportunities to benefit from a sharp rebound. At the defensive end, we like staples and healthcare. The latter presents select businesses that were excessively punished by the exuberance around efficacy of obesity medicines (such as GLP-1). In financials, we think some banks may be affected by potential windfall taxes on profits. Conversely, we are cautious on technology, but overall favour good quality business models that, in our view, offer upside potential.

US equities. Excessive valuations are indicating market expectations of a soft/no landing and a strong earnings growth scenario. But as the economy evolves, and we get more clarity, markets will start paying more attention to valuations. Thus, we believe quality, value is a natural call and investors should consider adding defensiveness. However, this should be done not just through traditional defensive sectors but also through idiosyncratic opportunities across sectors. In particular, our highest convictions are in financials, banks and materials, but energy is incrementally becoming less attractive. In banks, we favour names with stable deposits and are monitoring loan growth. The sharp fall in yields is reducing the stress in their unrealised losses on bonds. But, we are cautious on tech and select consumer sectors due to the impact of higher rates and weaker labour markets on consumption. Overall, we avoid names where we see a lack of capital discipline.

EM equities. EM earnings and the economic backdrop are positive, but divergences prevail. We are optimistic on value over growth, and on consumer discretionary, real estate and financials (especially in India, Indonesia). However, we are less constructive on healthcare, materials and energy. Regionally, we prefer LatAm countries such as Mexico and Brazil that are more advanced in their policy easing. We also like Indonesia and India, due to their endogenous growth dynamics, and UAE, whereas we are more cautious on Taiwan, Saudi Arabia and Malaysia.



Yerlan SYZDYKOV
Global Head of Emerging Markets



Kenneth J. TAUBES
CIO of US Investment Management

“Markets are expecting a ‘perfect everything’ scenario, but we see derating risks and prefer earnings resilience”.



Source: Amundi Investment Institute, Bloomberg, 29 December 2023.

Fed declares victory on inflation – maybe too early

Overall assessment. The rapid retreat in yields caused by falling inflation and dovish CBs has affected valuations, but bonds are still a good diversifier as we enter a slowdown. However, we may see some uptick in yields (owing to inflation). And thus, staying active on DM duration and tilting to quality in credit and EM are crucial.

Global & European fixed income. The sharp movements in core yields reduced some appeal for duration, but the environment is still evolving as the European economy is weakening. Our conviction is that the ECB could cut rates (positive for bonds) when it sees a slowdown in growth, but until then, inflation is a key variable which could drive yields back up. For now, while we turned slightly cautious on European duration from a tactical point of view, we stay flexible and believe there is long-term value to be explored. In credit, we are marginally positive and prefer IG over HY, and our view on quality is maintained through consumer and automobile sectors. We remain very cautious on the lower-rated parts of HY but believe there is scope to explore Euro high-rated segments such as BB, as divergences are high. Overall, we like to exploit a good balance of quality and returns.

US fixed income. We expect the Fed will want to make sure that inflation is under control and after that, a recession may push the CB towards rate cuts, which are more likely to start by end-Q2. Yields are still attractive in bonds but slightly less so now. Looking ahead, rates volatility will be high as markets try to balance Fed policy with the economic growth outlook. Thus, we stay positive on duration and also see value in TIPS, as breakeven inflation is now around the Fed’s long-term target. In credit, IG spreads are attractive selectively, but investors should consider taking advantage of this rally. We continue to favour financials (banks) over non-financials and are seeing huge divergences in these two sectors. Another area that is fundamentally attractive is agency mortgage-backed securities. The housing market is seeing support from a supply/demand mismatch, but we are selective.

EM bonds. EM growth prospects and a Fed indicating rate cuts in 2024 support EM debt. But there are idiosyncratic issues that we are vigilant about. For instance, we are monitoring oil exporting businesses as support from OPEC+ has not been enough to boost prices. We are constructive on HC bonds, and prefer HY over IG in the sovereign and corporate spaces. Regionally, we maintain a bias for LatAm. On local rates, we are selective, favouring countries with attractive real yields.

FX. We are neutral on the USD as the advantages that it enjoyed earlier, such as higher US rates, economic growth are fading. In EM, we stay positive on select high-yielding LatAm FX vs the dollar, and we like the MXN, BRL and INR.



Amaury D'ORSAY
Head of Fixed Income



Yerlan SYZDYKOV
Global Head of Emerging Markets



Kenneth J. TAUBES
CIO of US Investment Management

Yields fell from the peak, but policy cuts and a slowing economy are good for bonds



Source: Amundi Investment Institute, Bloomberg, as of 21 December 2023.

“Inflation is not a done deal yet and we could see some upside and volatility in yields that underscores the need to be agile in duration”.



Macroeconomic forecasts

Macroeconomic forecasts as of 10 January 2024

Annual averages, %	Real GDP growth, YoY, %			Inflation (CPI, YoY, %)		
	2023	2024	2025	2023	2024	2025
Developed countries	1.5	0.7	1.3	4.7	2.6	2.1
United States	2.4	0.7	1.5	4.2	2.6	2.1
Eurozone	0.5	0.3	1.0	5.5	2.4	2.2
Germany	-0.1	0.2	0.7	6.1	2.4	2.3
France	0.8	0.5	1.1	5.8	2.8	2.1
Italy	0.7	0.5	0.8	6.0	2.3	2.1
Spain	2.3	1.1	1.5	3.4	2.7	2.2
United Kingdom	0.5	0.2	1.0	7.7	2.6	2.3
Japan	1.8	1.6	1.4	3.3	2.2	1.5
Emerging countries	4.1	3.6	3.7	5.8	5.7	4.2
China	5.2	3.9	3.4	0.2	0.2	0.4
India	6.9	5.8	5.9	5.7	5.7	6.0
Indonesia	5.0	4.9	4.7	3.7	3.0	3.7
Brazil	3.0	1.7	2.0	4.6	3.8	3.6
Mexico	3.3	2.2	2.2	5.5	4.2	3.9
Russia	3.2	1.6	2.0	5.9	6.2	4.5
South Africa	0.5	1.0	1.3	6.0	5.1	3.6
Turkey	3.6	2.9	3.6	53.4	57.3	23.7
World	3.1	2.4	2.8	5.4	4.3	3.4

Central Banks' official rates forecasts, %

	10 January 2024	Amundi Q2 24	Consensus Q2 24	Amundi Q4 24	Consensus Q4 24
United States*	5.50	4.50	4.75	4.00	3.95
Eurozone**	4.00	3.75	3.38	2.75	2.45
United Kingdom	5.25	4.75	4.83	4.00	3.87
Japan	-0.10	0.00	0.00	0.00	0.19
China***	3.45	3.25	3.40	3.25	3.25
India****	6.50	6.50	6.35	6.00	6.00
Brazil	11.75	10.00	9.75	9.25	9.25
Russia	16.00	16.00	14.25	12.00	11.20

Source: Amundi Investment Institute. Forecasts are as of 10 January 2024. CPI: consumer price index. *: Upper Fed Funds target range. **: Deposit rate. ***: One-year loan prime rate. ****: Repurchase rate. Q2 2024 indicates end of June 2024; Q4 2024 indicates end of December 2024.

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