

iFlow

MACRO INVESTOR TRENDS

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SPECIAL EDITION

NAVIGATING 2024 WITH IFLOW

KEY POLICY, POLITICAL AND ECONOMIC RISKS

2024 KEY RISK THEMES

WHERE ARE
US 10Y
BONDS
GOING?

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UKRAINE/
ISRAEL:
ONGOING
WAR OR
PEACE?

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ECB EASING
WHAT DOES
IT MEAN FOR
EURUSD?

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CHINA GDP
GROWTH IN
2024 IS IT 3%
OR 5%?

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WHERE IS
USDJPY
GOING IN
2024?

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We see scant room for smooth outcomes in 2024. The risks financial markets face have become bimodal and binary. Investor views, whether bullish or bearish, are deep-seated. iFlow data indicates significant positioning short the US dollar, short equities, and long bonds. Economic data will play a big role in how those various exposures perform.

Highlighted in the panel above are five hot-button issues that have dominated our discussions with investors over the last quarter:

- Where are Treasury yields going?
- What are the risks to financial markets from Russia-Ukraine and Israel-Hamas conflicts?
- When does the European Central Bank ease and what does that mean for the euro?
- Can China succeed in boosting growth?
- When does the Bank of Japan tighten monetary policy and what will that mean for the yen?

We include with our answers to the markets-based questions perspective from iFlow data, as well as views on positioning and where we stand vis-à-vis market consensus. In addition to the topics highlighted in the panel, we also discuss the Federal Reserve's quantitative tightening and how developments in US politics could affect markets. EU elections add another source of potential risk, so we have included the expertise

contributed by a colleague.

Concerns about a US recession for most of 2023 carry into 2024. Potential domestic headwinds for US growth include the lagged effect of the Fed's rate hikes, tighter credit conditions, fiscal policy in a divided Congress and regulations. External factors such as growth in the rest of the world also matter for US growth. Two wars and other potential flashpoints will keep investors on guard for geopolitical risks the world over.

In our view, scarce optimism makes the 'wall of worry' easier to climb. We see upside risk to growth and risk-asset valuations in 2024.

We look forward to helping you navigate through the coming year, and beyond.

To access the full report, click on the image above, or [click here](#)

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