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Q1 2024 OUTLOOK

JANUARY 2024

Banque Havilland, a well-established banking group offers services to both ***private*** *and* ***institutional*** *clients, who can benefit from the advantages of a robust banking platform located across seven financial centres. The bank was founded in 2009 in Luxembourg, where it has its head office, and today also has presences in Monaco, Liechtenstein, Dubai and Switzerland.*

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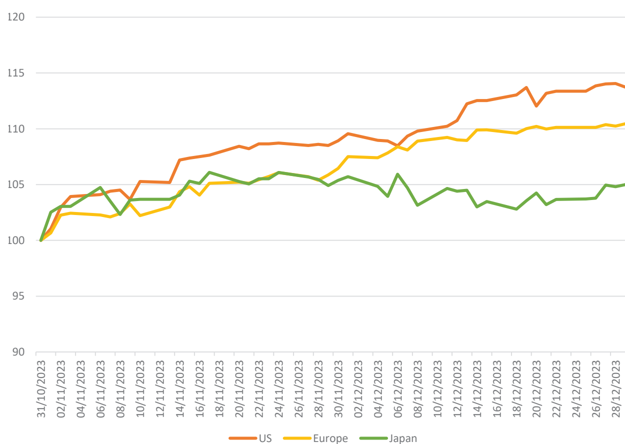
MARKET ENVIRONMENT

What a difference can two months make! If at the end of the third quarter most investors were quite dissatisfied with financial market returns for 2023, the November and December "melt-up" turned the year into a very profitable one for most asset classes, defying the forecasts of most pundits. Indeed the global economy entered 2023 facing profound challenges. Inflation in many major economies hit multi-decade highs after Russia's invasion of Ukraine disrupted commodity and energy markets. Meanwhile central banks were aggressively tightening monetary policy from ultra-accommodative stances, risking recession.

Equities Performance



Simmering geopolitical tensions, climate change impacts, and China's economic travails clouded the outlook further.

Yet the global economy showed surprising resilience through the turbulence. Despite inflation peaking above 9% in Europe and 8% in the United States, growth remained positive. The US economy in particular defied expectations by continuing to expand at a healthy clip, with GDP growth on track to reach almost 2.5% for the full year. Robust consumer spending and strong labor markets powered the US economy even as the Federal Reserve lifted interest rates at the most aggressive pace since the 1980s.

Elsewhere the picture was more mixed but still better than feared. The Eurozone skirted recession thanks partly to relief on the energy crisis as storage targets were met. China's economy expanded around 5% as COVID restrictions eased and policy stimulus took effect, and major markets like India and Indonesia saw accelerating growth.

This economic outperformance coincided with signs of a global inflation peak, giving central banks some scope to moderate the pace of tightening. By the fourth quarter the market narrative shifted from fears of runaway inflation and policy-induced recession to hopes of a soft landing. Risk asset selloffs seen earlier in 2022 reversed, with US stocks rallying close to all time high.

It is not all rosy however, as risks remain skewed to the downside heading into 2024. Lag effects from rapid policy tightening have yet to fully transmit. Moreover, most major economies face a cocktail of domestic challenges as the geopolitical climate remains uneasy.

In the United States, resilience is showing some cracks as consumers contend with declining savings and eroding purchasing power. Meanwhile Washington's already swollen debt load complicates efforts to cushion any downturn. Legacy of regional bank runs also needs to be contained.

> *"(...) the global economy showed surprising resilience through the turbulence. Despite inflation peaking above 9% in Europe and 8% in the United States, growth remained positive."*

Europe enters 2024 still dealing with painful aftershocks of the Ukraine war and resultant energy shock. Recession was avoided in 2023 but growth is set to flatline near zero in the year ahead. The UK confronts similar headwinds alongside political uncertainty that could curb investment.

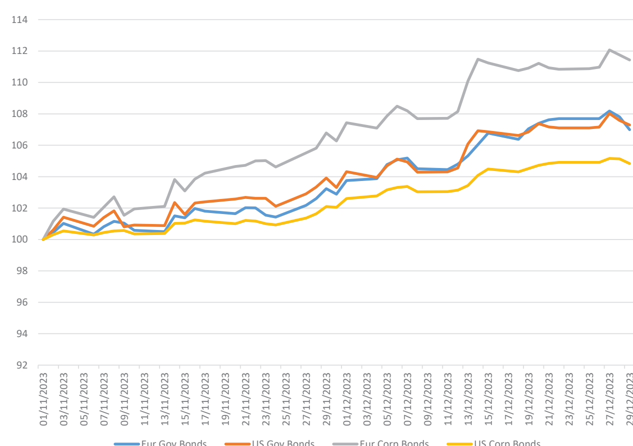
In China, stimulus can only achieve so much given structural drags from demographics, debt overhangs, and external demand weakness. Japan's economy should expand modestly but remains vulnerable to global trade deterioration.

Major emerging economies have momentum but face tricky policy tradeoffs maintaining growth while fighting still-high inflation and currency weakness. India is a relative bright spot on reform progress and energy security tailwinds. But Brazil, Mexico, and others contend with tighter financing conditions and imported price pressures.

The common thread is that after better-than-expected resilience this year, the global economy seems set for a downshift in 2024 absent new positive catalysts. Tighter financial conditions, depleted savings, strong dollar headwinds, and deteriorating trade will likely outweigh pockets of cyclical support.

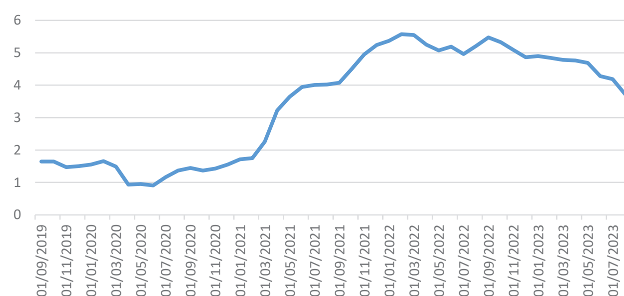
Central banks insistence on rates staying higher for longer until inflation is convincingly tamed risks overtly slowing labor markets and demand. But premature easing could also imprudently reaccelerate price pressures. Policymakers face complex tradeoffs.

Fixed Income Performances



Meanwhile buoyant consumer spending has been the backbone of growth in 2023. But the savings rate buffer is eroding quickly in key economies like the US, and credit indicators are showing early signs of deterioration. The risk of demand faltering despite low unemployment can't be dismissed.

US Personal Consumption Expenditure Index %



In energy and agriculture, markets are banking on recession avoidance to sustain commodity prices near $100 per barrel for crude and post-pandemic averages elsewhere following Ukraine-related spikes. On geopolitics, Russia's ongoing assault on Ukrainian sovereignty remains an overhang even as the frontlines have stabilized. Repeated Middle East flareups likewise spook markets wary of supply-shock vulnerability. And US-China tensions persist as a chronic risk factor.

Yet there are also upside scenarios, including faster inflation relief reviving real income growth, continued consumer resilience on back of still-tight labor markets, a serious Chinese stimulus, Fed succeeding in elusive soft landing, and post-election policy optimism.

In summary, 2023 unfolded better than feared for the global economy. But sustaining this performance will be difficult in 2024 absent meaningful positive catalysts. Investors confront more a challenging macro climate rife with complexity and uncertainty. Navigating crosscurrents and managing risks will determine portfolio success.

EQUITIES

US equities endured a rollercoaster year in 2023. After an initial solid rise until July, a subsequent double-digit drop to October occurred, triggered by surging inflation and aggressive Fed tightening. But signs of peaking inflation and dovish pivot hopes sparked a fierce rally off the October lows back towards levels not far from all-time highs. Encouraging megacap tech earnings provided a further boost during the quarter. However, there were also several disappointing results from bellwethers companies and in the small cap space, underscoring still the deteriorating macro backdrop in some parts of the economy. Overall, we continue to highlight how much the US equity indices remain concentrated in a handful of stocks, which are not representative of the rest of the market nor of the general economy.

European and UK stocks experienced a similar price move as US equities. Having suffered through a difficult 2022, the headwinds persisted into early 2023 amid the economic fallout from Russia's invasion of Ukraine. Major Eurozone and UK indices entered a double-digit correction over the summer on heightened recession and inflation fears. Aggressive ECB tightening sparked concerns about regional competitiveness and political cohesion. However, a recovery took hold as the year progressed based on signs of peaking inflation, ECB change of stance, and resilient corporate earnings. Other factors driving this upside were pricing power support to earnings, fiscal stimulus and optimism on the state of the consumers.

	2023	2022	2021	2020	2019
LCL	28.6%	7.1%	28.2%	29.5%	30.7%
	MSCI Japan	**MSCI UK**	**S&P 500**	**MSCI China**	**S&P 500**
EUR	15.8%	1.2%	37.6%	18.9%	33.3%
LCL	25.7%	-4.5%	24.9%	18.3%	30.0%
	S&P 500	**MSCI Japan**	**Stoxx 600**	**MSCI EM**	**MSCI Switz.**
EUR	21.7%	-11.3%	24.9%	8.7%	34.9%
LCL	22.2%	-9.5%	23.3%	17.8%	28.2%
	Euro Stoxx 50	**Euro Stoxx 50**	**Euro Stoxx 50**	**S&P 500**	**Euro Stoxx 50**
EUR	22.2%	-9.5%	23.3%	8.2%	28.2%
LCL	15.8%	-10.6%	23.0%	8.8%	26.8%
	Stoxx 600	**Stoxx 600**	**MSCI Switz.**	**MSCI Japan**	**Stoxx 600**
EUR	15.8%	-10.6%	29.0%	4.6%	26.8%
LCL	9.8%	-17.1%	19.6%	1.9%	23.5%
	MSCI EM	**MSCI Switz.**	**MSCI UK**	**MSCI Switz.**	**MSCI China**
EUR	6.3%	-13.1%	27.2%	1.9%	25.9%
LCL	7.7%	-18.5%	13.4%	-2.0%	18.5%
	MSCI UK	**S&P 500**	**MSCI Japan**	**Stoxx 600**	**MSCI Japan**
EUR	10.5%	-13.4%	10.4%	-2.0%	22.6%
LCL	5.3%	-20.1%	-2.5%	-3.2%	18.4%
	MSCI Switz.	**MSCI EM**	**MSCI EM**	**Euro Stoxx 50**	**MSCI EM**
EUR	11.9%	-15.1%	4.6%	-3.2%	20.8%
LCL	-11.2%	-21.9%	-21.7%	-13.2%	16.4%
	MSCI China	**MSCI China**	**MSCI China**	**MSCI UK**	**MSCI UK**
EUR	-14.0%	-17.0%	-16.0%	-17.8%	23.5%

Looking at Far East, Japan was one of those areas we correctly pointed out the attractiveness. The market was indeed able to deliver and expectations of a bull market continuation were met. We continue to maintain a positive stance on Japan and do not take profit on our allocation heading into 2024.

Chinese stocks on the contrary continued to disappoint after an anaemic post-lockdown rebound, due to geopolitical tensions, property sector woes and above all deflation fears. India instead remains the investors' darling with most institutional investor overweighting the country.

	CURRENT					10-YEAR AVERAGE			
COUNTRY	6M EPS PCT CHG	FORWARD P/E	P/B	P/CF	DIV. YIELD	FORWARD P/E	P/B	P/CF	DIV. YIELD
UNITED STATES	9.2	20.0	4.4	16.4	1.5	17.2	3.3	13.5	1.9
UK	1.2	9.0	1.6	7.1	4.1	12.9	1.8	9.2	4.0
EUROZONE	4.2	12.4	1.9	8.4	3.5	13.3	1.6	8.1	3.5
GERMANY	4.5	11.4	1.5	7.6	3.3	12.6	1.6	7.9	3.1
FRANCE	4.0	12.6	1.8	8.9	3.2	13.5	1.5	9.0	3.4
SWITZERLAND	2.0	17.2	3.5	14.3	3.2	16.5	2.6	14.1	3.3
SPAIN	10.7	10.3	1.3	5.2	4.7	12.2	1.3	5.3	4.3
ITALY	9.1	8.3	1.2	5.6	5.2	11.3	1.1	5.9	4.2
JAPAN	-5.2	21.0	2.1	7.7	1.8	17.0	1.7	10.1	1.9
CHINA	7.9	6.3	0.8	5.1	4.6	7.8	1.0	5.9	3.8

As we look ahead, the environment for equities in 2024 looks challenging but not dire. On the positive side, cyclically adjusted valuations remain in historical ranges for most markets. Earnings expectations also look achievable outside the US, and investor sentiment remains far from euphoric.

However, global GDP growth is expected to slow materially in 2024. With consumption and investment set to weaken, corporates will likely find sustaining this year's earnings growth difficult. Continued tight financial conditions will also pressure margins and likely tip certain highly leveraged firms into distress.

So while a severe bear market is not the base case, investors need to brace for continued volatility and more modest returns from equities in 2024. Defensive positioning in stocks with pricing power, as well as portfolio protection strategies, are warranted given the macro uncertainties. Opportunities will likely be concentrated at a sector/stock specific level rather than broader indices.

Earnings Estimates

"European and UK stocks experienced a similar price move as US equities. Having suffered through a difficult 2022, the headwinds persisted into early 2023 amid the economic fallout from Russia's invasion of Ukraine. Major Eurozone and UK indices entered a double-digit correction over the summer on heightened recession and inflation fears. Aggressive ECB tightening sparked concerns about regional competitiveness and political cohesion. However, a recovery took hold as the year progressed based on signs of peaking inflation, ECB change of stance, and resilient corporate earnings. Other factors driving this upside were pricing power support to earnings, fiscal stimulus and optimism on the state of the consumers."

FIXED INCOME

Global fixed income markets endured a historically difficult year at the beginning of 2023 as major central banks raised interest rates aggressively to combat high inflation. Both government and corporate investment grade bonds posted losses up to the end of the summer amid rapidly rising yields.

US Treasury yields across the curve spiked to decade-plus highs during 2023. The yield on the benchmark 10-year Treasury note topped 5% in October for the first time since 2008. Shorter-dated yields such as the 2-year also reached levels not seen since 2007.

This yield surge was driven by the Federal Reserve's rapid-fire rate hikes totaling over 400 basis points in just 10 months in a bid to rein in 40-year high inflation. Other major developed market central banks from the ECB to the Bank of England also hiked aggressively, pushing up sovereign yields globally.

In the fourth quarter though, the tide started turning for developed markets fixed income as evidence mounted that the rate hiking cycle was nearing its end with inflation past the peak. Bond yields and spreads staged relief rallies into year-end as markets began pricing in peak policy rates.

Heading into 2024, the market expects further fixed income reprieve as central banks potentially halt or even reverse policy tightening while growth and inflation moderate. If validated, this would provide long-awaited tailwinds for government and corporate bonds after the historic rout.

In particular, consensus is on increasing exposure to duration as a way of locking in much higher yields after the yield spike. Long-dated government bonds could benefit the most should yields decline on peak rate expectations and recession concerns. Quality investment grade corporates also look attractive for income and spread tightening potential.

	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	5 YEARS	7 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
SWITZERLAND	1.57	1.51	1.48	1.12	1.00	0.89	0.82	0.86	0.90	0.90	0.87	0.80
JAPAN	-0.18	-0.19	-0.08	0.02	0.02	0.24	0.39	0.65	1.14	1.45		1.77
GERMANY	3.77	3.67	3.31	2.70	2.33	2.24	2.23	2.31	2.48	2.53	2.47	2.48
DENMARK	3.55	3.47	3.36	2.68				2.45	2.57			2.51
NETHERLANDS	3.76	3.75		2.89	2.56	2.45	2.47	2.59	2.75	2.75	2.70	2.69
FRANCE	3.83	3.76	3.42	2.65	2.58	2.56	2.59	2.80	3.08	3.20	3.23	3.30
AUSTRIA	3.73	3.80	3.44	2.81	2.66	2.61	2.69	2.80	3.00	3.07	3.11	3.05
BELGIUM	3.75	3.69	3.39	2.72	2.55	2.55	2.72	2.94	3.13	3.28		3.39
SWEDEN	3.90	3.87	3.59	3.02		2.26	2.20	2.24	2.38		2.39	
IRELAND			3.15	2.56	2.45	2.47	2.52	2.73	2.87	2.97		3.03
SPAIN	3.64	3.73	3.42	2.88	2.81	2.86	2.98	3.21	3.61	3.72	3.75	3.84
ITALY	3.70	3.75	3.48	3.19	3.04	3.27	3.49	3.84	4.14	4.33	4.31	4.41
UNITED KINGDOM	5.24	5.21	4.92	4.31	3.97	3.85	3.75	3.91	4.28	4.45	4.51	4.54
UNITED STATES	5.36	5.23	4.86	4.41	4.18	4.06	4.11	4.13	4.21	4.46		4.34

However, bond investors still face risks from inflation failing to retreat quickly back to central bank targets. Fiscal deficits and debt loads also bear monitoring given market sensitivity. And global recession risks make judicious credit selection essential. But the promise of peak yields after the bond plunge of 2022-2023 is creating renewed fixed income opportunities.

Moving to Global high yield and emerging market debt, both generated negative total returns in 2022 amid rising global yields and risk-off sentiment driven by high inflation and growth concerns. However, both asset classes showed resilience late in 2023 as recession fears ebbed and hopes grew that the worst of the rate hiking cycle had passed.

The high yield and EM debt recovery reflected easing global financial conditions and optimism that major central banks are nearing the end of their tightening campaigns. US high yield spreads in particular snapped back quickly relative to past credit cycles. The turnaround fueled hopes that both asset classes passed their nadir and will benefit from peak yields and front-end rate cuts in 2024. The election of President Lula in Brazil, with expectations of more orthodox policy, also boosted sentiment towards EM bonds.

However, we still caution about lingering vulnerabilities for high yield and EM debt. Recession risks remain elevated, which could spark renewed spread widening and extend the default cycle beyond distress in regional US banks and Chinese developers. At the same time, EM bonds face headwinds from a strong dollar and idiosyncratic political and market risks across major developing economies. Investors need to be selective within the complex on a country and credit basis.

Nonetheless, current valuations and carry look increasingly attractive for those willing to stomach potential volatility. US high yield indexes still yield over 8% despite the rally, easily outpacing inflation. And EM local and hard currency sovereign debt offer 5-6% yields with possible currency appreciation tailwinds as the dollar weakens.

In summary, we except 2024 to be a positive year for fixed income but certainly not a double-digit returns one as 2023.

	2023	2022	2021	2020	2019
LCL	12.89%	-9.41%	4.48%	11.30%	17.27%
	US High Yield	**EU High Yield**	**US High Yield**	**US Corp**	**US Corp**
EUR	9.29%	-9.41%	12.18%	2.23%	19.59%
LCL	11.79%	-10.34%	3.18%	10.00%	16.09%
	EU High Yield	**EM Local**	**EU High Yield**	**US Govies**	**EM Hard**
EUR	11.79%	-4.68%	3.18%	1.04%	18.40%
LCL	10.81%	-10.74%	-0.97%	5.77%	14.65%
	EM Hard	**US High Yield**	**EU Corp**	**EM Hard**	**US High Yield**
EUR	7.27%	-5.11%	-0.97%	-2.85%	16.93%
LCL	9.45%	-13.65%	-1.49%	4.66%	9.55%
	US Corp	**EU Corp**	**US Corp**	**US High Yield**	**EU High Yield**
EUR	5.96%	-13.65%	5.77%	-3.86%	9.55%
LCL	9.04%	-14.90%	-2.05%	4.50%	8.50%
	Euro Govies	**US Govies**	**EM Hard**	**Euro Govies**	**US Govies**
EUR	9.04%	-9.54%	5.17%	4.50%	10.65%
LCL	8.28%	-17.92%	-3.07%	3.25%	6.84%
	EM Local	**US Corp**	US Govies	**EM Local**	**EM Local**
EUR	4.83%	-12.75%	4.07%	-5.16%	8.96%
LCL	8.19%	-18.37%	-3.13%	2.77%	6.76%
	EU Corp	**EM Hard**	**Euro Govies**	**EU Corp**	**Euro Govies**
EUR	8.19%	-13.23%	-3.13%	2.77%	6.76%
LCL	3.38%	-19.94%	-9.72%	1.65%	6.24%
	US Govies	**Euro Govies**	**EM Local**	**EU High Yield**	**EU Corp**
EUR	0.08%	-19.94%	-3.07%	1.65%	6.24%

COMMODITIES AND CURRENCIES

Currencies experienced significant volatility in 2023 as central banks globally raised interest rates to fight inflation. The US dollar was particularly strong for most of the year as the Federal Reserve aggressively hiked rates. However, the dollar weakened in the fourth quarter as markets began pricing in a less hawkish Fed.

The euro struggled for much of 2023 relative to the dollar, trading below 1.05 at the beginning of October.

However, it staged a modest recovery late in the year as inflation in the Eurozone showed signs of peaking. Emerging market currencies were under pressure for much of the year from a strong dollar, concerns about global growth, and idiosyncratic risks. Emerging market currencies were a mixed bag in 2023, with some appreciating on the basis of solid real rates while other showing continued weakness due to a slowing economy and geopolitical tensions.

Heading into 2024, currency market volatility is likely to remain in line with historical standards. There is some potential for the recent dollar weakening trend to continue, especially if markets begin pricing in Fed rate cuts while other major central banks are still on hold.

	REAL GDP CHG		IND. PROD.	RET. SALES	UNEMP.	CPI	PPI	CUR. ACC.
	Q/Q	Y/Y	Y/Y	Y/Y	Y/Y	Y/Y	Y/Y	Y/Y
AUSTRALIA	0.2	2.1	0.6	2.2	3.9	5.4	2.5	1.2
CANADA	-0.3	0.5	0.5	1.8	5.8	3.4	-2.7	-0.9
CHINA	1.0	5.2	6.8	7.4	4.0	-0.3	-2.7	1.8
BRAZIL	0.1	2.0	1.3	4.8	8.2	4.6	-6.3	-1.9
DENMARK	-0.7	-0.3	16.3	6.3	4.8	0.7	-3.6	10.9
EUROPEAN UNION	-0.1	0.0	0.9	-1.0	5.9	3.4	-8.1	
EUROZONE	-0.1	0.0	-0.7	-1.1	6.4	2.9	-8.8	1.3
FRANCE	-0.1	0.6	0.6	-1.5	7.3	3.7	0.3	-1.6
GERMANY	-0.1	-0.4	-4.8	-2.4	3.1	3.7	-8.6	6.3
INDIA		7.6	2.4		8.5	5.7	0.7	-1.0
ITALY	0.1	0.1	-3.1	-2.4	7.5	0.6	-16.3	0.0
NETHERLANDS	-0.3	-0.6	-10.0	-1.1	3.6	1.2	-8.0	10.1
PORTUGAL	-0.2	1.9	-1.1	2.3	6.6	1.4	-4.4	1.6
RUSSIA	-0.6	5.5	4.3	10.5	2.9	7.4	21.9	4.7
SOUTH KOREA	0.6	1.4	5.3	-0.3	3.3	3.2	0.6	1.2
SPAIN	0.3	1.8	1.1	6.8	11.9	3.1	-7.4	2.5
SWEDEN	-0.3	-1.4	1.8	-2.1	7.9	4.4	-4.2	6.7
SWITZERLAND	0.3	0.4	2.0	0.7	2.2	1.7	0.5	8.3
UNITED KINGDOM	-0.1	0.3	-0.1	-2.4	4.3	4.0	-1.3	-2.0
UNITED STATES	1.2	2.9	1.0	5.6	3.7	3.4	1.0	-3.1

Meanwhile, EM currencies could stage a broader recovery in 2024 after substantial depreciation in 2022-2023. If global growth stabilizes, commodity prices firm, and the dollar downtrend persists due to easing Fed policy, that would provide room for EM currencies to claw back some previous losses. However, idiosyncratic risks remain high for the EM currency complex.

In summary, 2023 was a year of major currency swings driven largely by central bank actions and inflation developments. Heading into 2024, markets may be somewhat calmer as peak hawkishness gets priced out. But various currency pairs will likely remain sensitive to the contrasting paths of monetary policy, economic data surprises, political events, and changes in risk sentiment. Active currency management strategies could again prove valuable across market environments.

Commodity markets endured a volatile 2023 following the massive spike in prices across energy, metals, and agriculture unleashed by Russia's invasion of Ukraine in early 2022. A recession scare sent prices tumbling over the summer before a partial recovery took hold. But the outlook remains murky amid conflicting fundamental and macro forces.

	3M CHANGE	31/12/2023	30/11/2023	31/10/2023	30/09/2023
DEVELOPED MARKETS	Stable	49.8	49.6	49.4	49.6
EMERGING MARKETS	Positive	53.1	52	51.1	52
EUROZONE	Stable	47.6	47.6	46.5	47.2
UNITED STATES	Positive	50.9	50.7	50.7	50.2
UNITED KINGDOM	Positive	52.1	50.7	48.7	48.5
GERMANY	Positive	47.4	47.8	45.9	46.4
SPAIN	Stable	50.4	49.8	50	50.1
ITALY	Negative	48.6	48.1	47	49.2
JAPAN	Negative	50	49.6	50.5	52.1
BRAZIL	Positive	50	50.7	50.3	49
CHINA	Positive	52.6	51.6	50	50.9
INDIA	Negative	58.5	57.4	58.4	61
RUSSIA	Positive	55.7	52.4	53.6	54.7
WORLD	Stable	51	50.5	50	50.5

Oil prices whipsawed dramatically, with Brent crude trading from a peak of nearly $100 per barrel down to $70 before rebounding back above $80. Price action reflected huge uncertainty around demand in light of central bank tightening and China's stop-start economy. Meanwhile supply fears occasionally resurfaced around lower OPEC output.

Industrial metals like copper also traced a rollercoaster path between growth worries and supply-chain stresses. We continue to remain positive on the metal on the basis of the future energy revolution and electrification of the car industry.

In agriculture, wheat and corn prices retreated well off panic highs reached following Russia's choking of Black Sea grain exports. Crop prices generally receded to pre-war levels and in some cases even below. This was certainly adding support to the dovish view many investors embraced at the end of 2023.

Precious metals treaded water for much of 2023 after surging earlier on safe haven demand. Gold spiked to $2,050 an ounce in early May as the Ukraine conflict escalated before sliding below $1,850 as real yields rose. However, intensifying Middle East strife helped lift it back towards $1,900 to end the year above 2050 again.

Moving into 2024 commodity strategists expect continued volatility with prices caught between fundamental support and cyclical risks. Demand should expand with with a possible Chinese stimulus and supply bottlenecks easing. But global growth concerns will cap gains absent weather or geopolitical shocks.

Energy outlooks sees oil rangebound near $80-100, barring any new supply turmoil. Market balance is razor-fine with limited spare capacity. Any sustained China reacceleration would be bullish. But recession fears persist, and shale investment discipline helps.

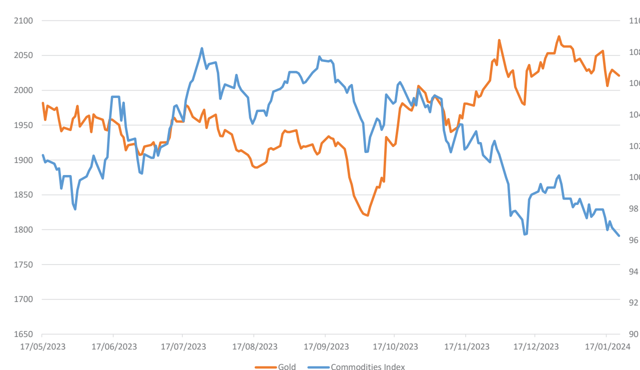
Industrial metal prices face headwinds from manufacturing slowdown but have room to rebound on restocking cycles or infrastructure stimulus. The wild card is whether China construction can meaningfully revive after property sector woes. Sector consolidation also supports prices.

In agriculture, crop prices will take cues from South American production prospects and Northern Hemisphere planting results. Deeper demand retrenchment poses a threat longer-term. But food inflation concerns and biofuel policies should sustain acreage. Extreme weather looms as ever-present risk event.

Gold should glean support from peak Fed hawkishness taking real yields lower, improving emerging market appetite for haven assets. However substantial gains appear limited without a jump in financial market volatility or inflation breakout.

In summary, commodity markets endured a tempestuous 2023 but appear poised to stay rangebound in 2024 based on counterbalancing drivers. A cautious approach blending long-term strategic exposure with tactical flexibility still seems prudent for investors.

Commodities Price Evolution



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