

# Monthly Global Macro Update

October 2024

CHART OF THE MONTH: Now You See It, Now You Don't...



## HIGHLIGHTS

We believe that one of the unique characteristics of 2024 is that, despite relatively low equity index volatility, we have witnessed some almost unprecedented relative position unwinds; in fact, they appear to be becoming the monthly norm. This month, we highlight the dramatic swing in relative performance of the S&P Index and the China CSI 300 Index.

- We have commented through the year about the amount of speculative positioning in the markets, and what we see as investors' extreme sensitivity to positioning and policy measures.
- In July, the Russell 2000 erased its year-to-date underperformance to the Nasdaq in a week, on the back of a benign CPI number, despite market pundits still saying that they favored allocations to "quality" equities.
- In August, we saw the Nikkei fall over 20% as the result of an unwind of cross-yen trades correlated to Japanese equities, and now...
- ...we have seen China erase all its year-to-date underperformance to the U.S. in a week, on the back of stimulus measures whose effectiveness in generating earnings growth or multiple expansion has yet to be seen.
- We emphasize that we do not believe that this is not a typical market environment and highlight that in our view investors need to be wary of positioning while bearing in mind just how much more important fiscal and other policy measures may be to asset prices relative to traditional economic fundamentals.

# Additional Disclosures

This material is provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Neuberger Berman is not providing this material in a fiduciary capacity and has a financial interest in the sale of its products and services. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Third-party economic or market estimates discussed herein may or may not be realized and no opinion or representation is being given regarding such estimates. Neuberger Berman products and services may not be available in all jurisdictions or to all client types. Investing entails risks, including possible loss of principal. Diversification does not guarantee profit or protect against loss in declining markets. Investments in hedge funds and private equity are speculative and involve a higher degree of risk than more traditional investments. Investments in hedge funds and private equity are intended for sophisticated investors only. Indexes are unmanaged and are not available for direct investment. **Past performance is no guarantee of future results.**

The views expressed herein are generally those of the Neuberger Berman Multi-Asset team and tactical asset allocation views are based on a hypothetical reference portfolio. Any currency outlooks are not against the U.S. dollar but stated against the other major currencies. As such, the currency outlooks should be seen as relative value forecasts and not directional U.S. dollar pair forecasts. Currency outlooks are shorter-term in nature, with a duration of 1–3 months. Regional equity and fixed income views reflect a 1-year outlook. Asset Allocation Committee members are polled on asset classes and the positional views are representative of an Asset Allocation Committee consensus. The views of the Multi-Asset team or the Asset Allocation Committee may not reflect the views of the firm as a whole and Neuberger Berman advisers and portfolio managers may take contrary positions to the views of the Multi-Asset team or the Asset Allocation Committee. The Multi-Asset team and the Asset Allocation Committee views do not constitute a prediction or projection of future events or future market behavior.

The information in this material may contain projections, market outlooks or other forward-looking statements regarding future events, including economic, asset class and market outlooks or expectations, and is only current as of the date indicated. There is no assurance that such events, outlook and expectations will be achieved, and actual results may be significantly different than that shown here. The duration and characteristics of past market/economic cycles and market behavior, including any bull/bear markets, is no indication of the duration and characteristics of any current or future market/economic cycles or behavior. Information on historical observations about asset or sub-asset classes is not intended to represent or predict future events. Historical trends do not imply, forecast or guarantee future results. Information is based on current views and market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.

Discussions of any specific sectors and companies are for informational purposes only. This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. The firm, its employees and advisory accounts may hold positions of any companies discussed. Nothing herein constitutes a recommendation to buy, sell or hold a security. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable.

A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor's state of residence. High-yield bonds, also known as "junk bonds," are considered speculative and carry a greater risk of default than investment-grade bonds. Their market value tends to be more volatile than investment-grade bonds and may fluctuate based on interest rates, market conditions, credit quality, political events, currency devaluation and other factors. High yield bonds are not suitable for all investors and the risks of these bonds should be weighed against the potential rewards. Neither Neuberger Berman nor its employees provide tax or legal advice. You should contact a tax advisor regarding the suitability of tax-exempt investments in your portfolio. Investing in the stocks of even the largest companies involves all the risks of stock market investing, including the risk that they may lose value due to overall market or economic conditions. Small- and mid-capitalization stocks are more vulnerable to financial risks and other risks than stocks of larger companies. They also trade less frequently and in lower volume than larger company stocks, so their market prices tend to be more volatile. Investing in foreign securities involves greater risks than investing in securities of U.S. issuers, including currency fluctuations, interest rates, potential political instability, restrictions on foreign investors, less regulation and less market liquidity. The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property management, environmental liabilities, uninsured damage, increased competition, or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates. The sale or purchase of commodities is usually carried out through futures contracts or options on futures, which involve significant risks, such as volatility in price, high leverage and illiquidity.

Neither Neuberger Berman nor its employees provide tax or legal advice. All investors are strongly urged to consult their own tax or legal advisors with respect to the impact on their personal situation of any potential strategy or investment. This material is being issued on a limited basis through various global subsidiaries and affiliates of Neuberger Berman Group LLC. Please visit [www.nb.com/disclosure-global-communications](http://www.nb.com/disclosure-global-communications) for the specific entities and jurisdictional limitations and restrictions.

The "Neuberger Berman" name and logo are registered service marks of Neuberger Berman Group LLC. © 2024 Neuberger Berman Group LLC. All rights reserved. WF 2067551