CITY OF LONDON
Investment Management Company Limited

Developed Markets Quarterly Outlook

May 2023*

Overview

Balancing Contrasting Economic Scenarios

Better economic data supported global equities despite tighter central bank policy, banking stress, and a looming US debt-ceiling standoff. A range of scenarios are possible in this year's second half, but we maintain our conviction in a desynchronised cycle favouring the Asia region this year. Positive surprises in the US and European earnings are unlikely to be sustained.

Global equities (measured by the ACWI World Index) remained buoyant in recent months despite renewed fears of recession. Since the last Developed Market Quarterly Outlook, the market has digested three US bank failures representing over $500 billion in assets. In Europe, Credit Suisse merged with its Swiss rival UBS. The ongoing bank stress in developed markets (DM) raises concerns that credit conditions will tighten further. In combination with tight central bank policy, a recession is becoming more likely later this year.

We see a high risk of a material slowdown and a low risk of a 'soft landing' in 2H23, but we are cautious towards positioning heavily in a defensive direction. Despite growing expectations for a material global growth slowdown, forecasters have underestimated the resilience of the data this year. The global PMI composite activity index has risen for five consecutive months to an expansionary 54 level. Strength was broad-based across regions, with growth momentum from the US, Europe, and China. The economic surprises also chime with positive surprises in earnings growth. In Q1, US and European companies are tracking EPS beats above their respective historical averages. In addition, net earnings revisions (i.e., number of analyst upgrades minus downgrades) turned positive for the global index for the first time since February 2022. We do not interpret recent growth momentum as a reliable signal to be positive towards cyclical stocks, but the data flow warrants restraint against an overly bearish stance.

The policy backdrop will likely remain restrictive in DM economies until a material softening in demand brings inflation closer to target. The lagged impact from the Fed and ECB policy tightening should weigh on DM earnings this year, even if we are closer to (or past) a pause. In contrast, the market may underestimate the risk of more stimulus in China. Indeed, recent data flow has raised concerns that China's recovery is starting to fizzle out. China's manufacturing PMI moved back into contractionary territory in April, while April import data also recorded an unexpected contraction. Given policymakers' commitment to "around 5%" growth, any growth disappointment raises the risks of more policy support, reinforcing our expectations for a more desynchronised growth cycle this year.

Market Strategy: Our current country allocation seeks to avoid excessive exposure to either pro-cyclical or defensive countries given the contrast between data resilience and more restrictive policy in DM economies. In addition, we continue to expect a more desynchronised global cycle favouring equities more closely linked to China's economic cycle. Since our last Quarterly Outlook, we have made no changes to our allocation:

- Maintain the **EM** *overweight*. A desynchronised global cycle and a weaker dollar favour the MSCI EM Index. Furthermore, potential growth in AI is an upside risk for the index's significant semiconductor exposure.
- Maintain the **UK** *overweight*. Attractive value and a higher defensive weighting leave the index well placed to benefit from a global growth slowdown.
- Maintain the **Canada** and **Australia** *overweight* positions. Both indices have suffered from negative sentiment towards commodities and bank stocks. We expect these trends to fade; both country indices offer attractive value.
- Maintain the **Eurozone** *underweight*. The index has outperformed following better-than-expected European growth and positive sentiment towards Cyclical and Value stocks. A hawkish ECB and a growth deceleration are downside risks for the historically cyclical index.
- **Switzerland** remains *underweight* given that it continues to screen rich on our valuation measures.

Global Equity Allocation Breakdown

	Chg	-2	-1	0	+1	+2
US	–			■		
Canada	–				■	
Eurozone	–	■				
Switzerland	–	■				
UK	–				■	
Japan	–			■		
Australia	–				■	
EM	–				■	

International Equity Allocation Breakdown

	Chg	-2	-1	0	+1	+2
Canada	–				■	
Eurozone	–	■				
Switzerland	–	■				
UK	–				■	
Japan	–			■		
Australia	–				■	
EM	–				■	

Note: Up/down arrows indicate a positive/negative change in our asset allocation compared to the previous quarter. A dash indicates no change. *Source: CLIM*

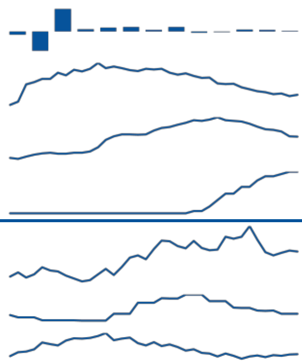
**This publication reflects asset performance up to 28 April, 2023, and macro events and data releases up to 12 May, 2023, unless indicated otherwise.*

United States

NW (Global Index)

Cyclical headwinds remain for US earnings this year.

3Y history



	Latest	
GDP, % qoq saar	1.1	Q1
PMI, index	47.1	Apr
CPI, % yoy	4.9	Apr
Policy rate, %	4.88	Apr
MSCI USA*	0.7%	Apr
EPS, % yoy	3.5	Apr
Trailing P/E	20.4	Apr

**US$ total return relative to MSCI ACWI. Latest is three-month return.*

Source: Bloomberg

We maintain a neutral outlook towards US equities. In our view, long-term rates have peaked, which is a more favourable backdrop for the US historically. However, we see three headwinds that warrant some caution: 1) cyclical headwinds from tighter monetary policy; 2) banking stress that will further reinforce credit tightening; and 3) the US debt ceiling risk.

First, the Federal Reserve's aggressive 500bp tightening cycle will have lagged impacts that historically feed into earnings downgrades. While better-than-expected, the most recent earnings data is tracking a -3% yoy earnings contraction. Earnings should contract further if US recession risks materialise (68% probability over the next 12-months based on the latest NY Fed model). The ongoing stress in the US regional banks will add to these downside risks if credit conditions tighten further. Indeed, the most recent Senior Loan Officer Opinion Survey (SLOOS) indicated a further tightening in lending standards to large and medium-sized firms, which typically feeds into negative economic growth over a 12-month lag based on our estimates.

The US debt ceiling will likely be resolved similar to previous episodes. However, the risk is difficult to ignore given the possibility of a US debt default and little signs of agreement between the Democratic and Republican parties. In the May to August 2011 period leading up to the last debt-ceiling standoff, US equities fell 6%. Other factors may have contributed to the equity weakness (e.g., the European debt crisis), but the reference period adds to market anxiety over the summer period.

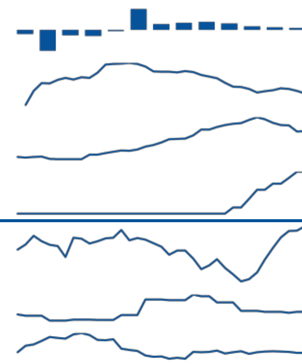
Market Strategy: The MSCI USA Index forward P/E remains rich at 20x. We expect the US to maintain some valuation premium relative to international equities, but the various US headwinds will provide a better entry point to reengage. We thus retain our *neutral* allocation.

Eurozone

UW (Global and Global ex-US index)

A deceleration in growth momentum is a downside risk.

3Y history



	Latest	
GDP, % yoy	1.3	Q1
PMI, index	45.8	Apr
CPI, % yoy	7.0	Apr
Policy rate, %	3.50	Apr
MSCI Eurozone*	3.9%	Apr
EPS, % yoy	4.0	Apr
Trailing P/E	15.5	Apr

**US$ total return relative to MSCI ACWI. Latest is three-month return.*

Source: Bloomberg

The Eurozone outperformed most majors again this quarter, and the index is currently just 5% shy of its peak in December 2021. A moderation in natural gas prices and better activity data contributed to improved sentiment domestically. In addition, rising interest rates and improving global growth also supported Cyclical and Value stocks, which historically bodes well for Eurozone equities. However, we note that Cyclical and Value stock outperformance has stalled in recent months as the market is pricing a peak in interest rates.

In our view, the Eurozone's outperformance is unsustainable, and the positive earnings growth projected this year is prone to downward revisions. The monetary policy backdrop remains a headwind for the economy, with the ECB continuing to tighten policy in response to sticky inflationary pressures. Softening natural gas prices have been a positive driver, but this stimulus will fade and remain a primary risk leading into next winter. If energy prices fall further due to a global recession, this environment is unlikely to favour a historically cyclical index like the MSCI Eurozone Index.

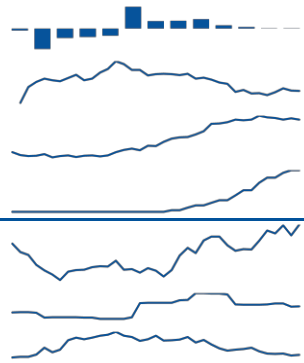
A more severe banking crisis similar to the recent US banking stress remains a risk. CDS on some large Eurozone banks remain elevated following a sharp rise in March. However, we acknowledge that Credit Suisse may have been the exception in Europe. Indeed, Eurozone Financials are forecasted to produce 20% yoy earnings growth in 2023 following negative interest rates the past decade.

Market Strategy: Eurozone equities remain cheap relative to the US. However, we see less value compared to other DM markets. With Eurozone economic surprises falling, and Value and Cyclical stock outperformance potentially reversing, the MSCI Eurozone is due for a pullback. We thus retain our *underweight* allocation.

United Kingdom

OW (Global and Global ex-US index)

Attractive valuations and defensive exposure favour the UK market.



	3Y history	Latest	
GDP, % yoy		0.2	Q1
PMI, index		47.8	Apr
CPI, % yoy		10.1	Mar
Policy rate, %		4.25	Apr
MSCI UK*		3.3%	Apr
EPS, % yoy		20.1	Apr
Trailing P/E		13.5	Apr

**US$ total return relative to MSCI ACWI. Latest is three-month return.*

Source: Bloomberg

UK equities outperformed despite economic weakness domestically and lower oil prices. The index's higher weighting to defensive sectors like Consumer Staples (20%), Healthcare (14%), and Utilities (4%) leave it well positioned in a weaker earnings environment. Indeed, over the past 5-years, we estimate that the UK has the second lowest beta to the MSCI ACWI Index, i.e., it tends to perform better in weaker equity environments. Switzerland was the most defensive market but screens less favourably on our valuation metrics than the UK.

While the UK market has a significant weighting to defensive sectors, Energy (14%) remains an essential consideration for the index. At current levels of Brent crude ($75), we view risks to the upside. Brent is at the bottom of its six-month range, and sentiment indicators remain depressed. Crude prices are more likely to rebound from recent lows in the context of balanced global supply, a lift in China's mobility, and ongoing geopolitical risks. Overall, a price floor should limit further Energy stock downgrades. And the MSCI UK Energy Index should benefit from a cheap 7x forward P/E multiple.

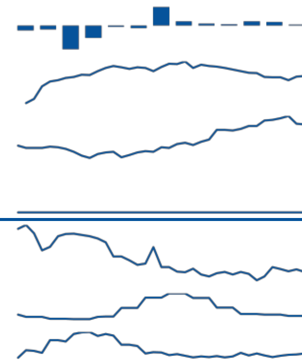
A weaker GBP has historically helped the MSCI UK Index, given its high exposure to overseas earnings. We expect more balanced FX risks given that negative domestic real interest rates (negative for GBP) are offset by a weaker USD dollar trend, which tends to support GBP/USD.

Market Strategy: The UK remains one of the cheapest equity markets while also providing an attractive dividend yield. Given its higher weighting to defensive sectors, we expect its valuation gap versus its peers to narrow in a weaker global equity market environment. Based on our outlook for elevated US recession risks, maintaining exposure to the UK remains attractive. We thus retain our *overweight* allocation.

Japan

NW (Global and Global ex-US index)

TSE reforms are a potential upside risk, but near-term cyclical factors are more likely to drive performance.



	3Y history	Latest	
GDP, % yoy		0.4	Q4
PMI, index		49.5	Apr
CPI, % yoy		3.2	Mar
Policy rate, %		-0.10	Apr
MSCI Japan*		-1.2%	Apr
EPS, % yoy		-23.6	Apr
Trailing P/E		16.1	Apr

**US$ total return relative to MSCI ACWI. Latest is three-month return.*

Source: Bloomberg

We remain neutral towards Japanese stocks. The recent Tokyo Stock Exchange (TSE) reform is a potential upside risk for Japanese equities. More specifically, Japan includes an abundance of firms with low P/B ratios and cash, which could generate value by improving corporate governance and buybacks. However, the cyclical backdrop is more likely to drive performance over the coming months. Long-term rates have potentially peaked, and global growth is expected to decelerate. These two drivers historically weigh on the index's relative performance.

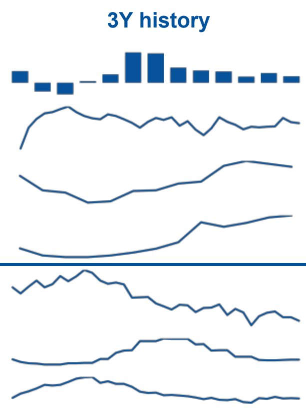
A change to the BoJ's Yield Curve Control (YCC) policy remains a wildcard. In the April meeting, the BoJ removed forward rates guidance that the BoJ "expects short- and long-term policy interest rates to remain at their present or lower level", which appears to be a step towards normalisation. We expect some adjustment to YCC this year (e.g., a band widening), which should lift JGB yields. The current 10y swap trades at 54bp (vs 39bp for the 10y JGB). We expect a rise to support Japanese Financials stocks, while the resulting JPY strength will weigh on exporters. The extent of the market moves will depend highly on the BoJ's signalling and the external rates environment (i.e., whether global yields are rising or falling).

Market Strategy: The MSCI Japan index offers some long-term value potential around corporate governance, and normalisation in monetary policy will create new opportunities for sectors like Financials. The forward P/E ratio is 13.6x, which is neither the cheapest nor the most expensive market. Given cyclical headwinds that historically weigh on the index, we are not inclined to add exposure. We thus retain our *neutral* allocation.

Emerging Markets

OW (Global and Global ex-US index)

A desynchronised growth cycle and a weaker USD are supportive of EM equities.



	Latest	
GDP, % yoy	2.4	Q4
PMI, index	50.5	Apr
CPI, % yoy	6.3	Mar
Policy rate, %	6.05	Apr
MSCI EM*	-6.3%	Apr
EPS, % yoy	-11.2	Apr
Trailing P/E	12.6	Apr

**US$ total return relative to MSCI ACWI. Latest is three-month return. Economic indicators are GDP-weighted with the exception of PMI, which is value-added-weighted.*
Source: Bloomberg

The MSCI EM underperformed over recent months. Fading optimism towards China's reopening and rising US-China geopolitical risks were two factors that contributed to sluggish performance. However, we continue to see value in the index, and the current environment is relatively favourable for EM equities.

2023 earnings estimates are an unexciting -4.7% yoy. But, unlike DM, we see more upside risks around EM's earnings growth this year. China's economic cycle is turning more positive and will likely remain in an expansion this year, supporting other major EM Asian economies with close trade linkages. Geopolitics will remain a long-term theme for the US and China, which may limit foreign inflows into Chinese stocks. Still, both sides are economically incentivised to ease tensions.

Taiwan and South Korea continue seeing negative earnings growth due to an ongoing semiconductor sales downcycle. But a trough in the cycle may be approaching, given that the current downcycle is now as long and as deep as three of the last four downcycles. In addition, growing speculation towards generative AI is an upside risk for both countries, given the potential demand increase for advanced semiconductors.

Finally, a peak in the US dollar is historically a bullish signal for EM assets. We note that the USD remains rich on a Real Effective Exchange Rate (REER) measure, and cyclical drivers such as interest rate and growth differentials are turning more negative for the USD.

Market Strategy: EM assets remain cheap on long-term valuations metrics relative to other DM equities. A desynchronised Asia growth cycle, weaker USD, and trough in semiconductors are potential early signs of outperformance. We thus retain our *overweight* allocation.

Canada

OW (Global and Global ex-US index)

Canadian equities offer value and upside risk to an oil price rebound and a recovery in Financials.

Canadian stocks underperformed in recent months due to weaker crude prices and pressure on DM banks following the collapse of Silicon Valley Bank in March. Regarding energy, WTI crude is trading at the bottom of its six-month range at $70. We think risks are to the upside of the range due to a weaker USD trend and rising mobility in China. For Canadian banks, our view is less pessimistic than the market. Financials (35% weighting in the overall MSCI Canada Index) trade at a low P/E multiple of 9.6x, which is not far from the GFC (8x). In April, Reuters reported that Canada's second-largest bank was the most shorted bank stock globally. While we acknowledge that the Canadian banking system faces significant earnings headwinds ahead (e.g., US recession risk and domestic housing market leverage), we also highlight that Canadian banks are highly concentrated in a few majors and well capitalized.

Market Strategy: We prefer to fade negative sentiment towards Canadian banks and energy markets. The MSCI Canada Index offers value to position for a reversal in this trend. We thus retain our *overweight* allocation.

Australia

OW (Global and Global ex-US index)

Australia is oversold following recent underperformance.

The MSCI Australia Index underperformed in recent months due to a further moderation in commodity prices and broad-based DM Financials underperformance (31% weighting in the index). A further deterioration in commodity prices remains a risk for Australian assets; however, the equity market is under-pricing upside risks. Australia's March trade data recorded a sharp rise in exports to China, and a rise in iron ore exports. China is Australia's largest trading partner, and we expect a better growth outlook for the Asia region to be sustained this year. In the case of Financials, 9.6% earnings growth is expected this year, while the P/E trades below average at 13x. Household leverage remains a tail risk, but the dominance of the big four banks (21% weighting in the index) leaves the banking sector well placed to navigate any banking stress.

Market Strategy: Australia offers attractive value with the forward P/E trading more than a standard deviation below its 5y average. In addition, CFTC data for the Australian dollar and broad commodities (ex-Gold) also signal depressed sentiment. Given these factors and our expectations for trend growth in China, we retain our *overweight* allocation.

INTERNATIONAL EQUITY - KEY ECONOMIC AND FINANCIAL INDICATORS

		Macroeconomic Data													Market Performance				Forecast†	
		% change on year ago				Latest 12 months														
	Developed Market	Annual GDP Growth	Quarterly GDP Growth QoQ*	Industrial Production Growth	Consumer Price Index	Budget Balance % of GDP 2023F**	Trade Balance	Current Account Balance	Foreign Reserves 2023 Latest	Foreign Reserves 2022 Year Ago	Currency vs $ 2023 Latest	Currency vs $ 2022 Year ago	Short-Term Interest Rates	Sovereign Rating S&P	% MSCI ACWI Net***	Stock Market Index (MSCI ACWI Net) US$	Change since 12/30/22 US$	Change since 12/30/22 Local	2023 P/E Forecast	3 month Currency vs $ +/-
		%	%	%	%		$ Bns	$ Bns	$ Bns	$ Bns			%		Apr. 28, 2023	Apr. 28, 2023	%	%		
Overweight	UK	0.2	0.4	-2.0	10.1	-5.4	-71.7	-117.8	105.05	123.11	1.25	1.23	4.67	AA	9.89	7745.86	11.75	6.95	11.0	+
	EM****	2.4	n.a.	1.7	6.3	-4.5	723.2	484.1	7602.44	7749.58	1688.12	1666.66	6.05	n.a.	27.00	499.56	2.78	3.06	12.4	n.a.
	AUSTRALIA	2.7	2.0	0.6	7.0	-1.1	103.3	20.4	36.38	36.28	0.67	0.69	2.00	AAA	4.78	4891.25	3.00	5.70	14.2	+
	CANADA	2.5	0.0	0.8	4.3	-1.2	11.9	-7.5	86.30	78.06	1.35	1.29	4.57	AAA	7.58	7257.12	7.42	7.52	13.3	+
Neutral	DENMARK	1.9	2.4	11.4	5.3	1.3	7.0	52.2	89.06	68.60	6.85	7.14	2.85	AAA	2.03	54383.81	16.94	13.31	28.4	-
	HONG KONG	2.7	22.9	-0.1	1.7	-1.8	-55.9	105.6	429.00	490.95	7.84	7.85	4.34	AA+	1.75	65005.84	-1.83	-1.29	14.8	+
	ISRAEL	2.5	5.3	3.5	5.0	-2.0	-38.1	61.8	195.96	201.62	3.65	3.39	4.67	AA-	0.42	132.70	-1.06	0.86	8.7	+
	JAPAN	0.4	0.1	-0.7	3.2	-5.5	-160.1	67.9	1134.01	1230.52	135.97	129.05	-0.16	A+	13.79	7048.70	6.58	9.98	13.8	+
	NEW ZEALAND	2.2	-2.4	2.2	6.7	-2.1	-10.0	-21.0	11.36	12.79	0.62	0.63	5.31	AA+	0.14	619.17	8.65	11.25	50.2	-
	NORWAY	2.4	0.8	-0.3	6.4	16.8	144.5	171.1	69.76	71.50	10.68	9.80	3.81	AAA	0.43	9058.21	-5.98	2.05	8.5	+
	SINGAPORE	0.1	-0.7	-4.2	5.5	-0.1	168.9	90.1	281.31	417.03	1.34	1.39	3.94	AAA	0.95	1159.54	6.32	5.83	12.5	+
	SWEDEN	-0.2	-2.0	-0.8	10.5	-0.1	-2.8	24.8	44.45	40.46	10.40	10.07	3.64	AAA	2.22	29673.12	14.03	12.25	14.7	+
Underweight	SWITZERLAND	0.8	0.0	6.1	2.6	0.0	45.8	81.9	822.86	1021.21	0.90	1.00	-0.75	AAA	6.71	17737.48	13.36	9.05	19.2	-
	FRANCE	0.8	0.8	-0.1	5.9	-5.1	-165.9	-58.6	27.94	52.12	1.09	1.04	3.00	AA	8.35	9066.32	19.95	15.96	14.3	+
	GERMANY	-0.1	0.0	1.6	7.2	-2.8	111.1	176.4	37.32	37.71	1.09	1.04	0.30	AAA	5.70	6590.92	18.61	14.66	11.8	+
	NETHERLANDS	3.2	2.4	-4.0	5.2	-2.3	58.5	41.0	5.73	4.80	1.09	1.04	3.17	AAA	2.88	23401.64	15.10	11.38	19.6	+
	SPAIN	3.8	2.0	5.3	4.1	-4.4	-50.8	5.2	58.71	53.77	1.09	1.04	3.17	A	1.69	3455.03	18.94	14.98	10.6	+
	ITALY	1.8	2.0	-3.2	8.3	-4.8	-25.3	-21.6	46.91	47.59	1.09	1.04	1.53	BBB	1.64	1035.51	19.81	15.82	8.4	+
	BELGIUM	1.3	1.6	11.7	5.6	-5.0	-8.6	-20.4	10.96	10.88	1.09	1.04	3.17	AA	0.66	8671.80	7.64	4.06	18.3	+
	FINLAND	0.1	-2.4	4.4	7.9	-2.8	-8.2	-9.3	7.83	7.85	1.09	1.04	0.04	AA+	0.63	1175.37	-0.12	-3.45	14.8	+
	IRELAND	6.4	-10.4	-22.8	7.2	1.1	66.7	92.1	1.15	1.01	1.09	1.04	3.45	AA-	0.51	468.34	24.90	20.75	15.7	+
	PORTUGAL	2.5	6.6	-4.4	5.7	-1.2	-32.1	-2.6	5.99	3.35	1.09	1.04	3.17	BBB+	0.15	209.49	7.66	4.07	17.2	+
	AUSTRIA	2.6	-1.2	-0.4	9.8	-2.8	-21.4	3.3	8.68	8.91	1.09	1.04	3.17	AA+	0.12	3654.25	8.21	4.61	6.4	+
	EUROZONE	1.3	0.4	2.0	7.0	-3.5	-2.7	-0.2	306.53	310.03	1.09	1.04	0.30	n.a.	22.41	412.31	17.79	13.89	12.6	+

*Note: All data shown are as at May 15, 2023 unless otherwise stated. S&P credit rating shown is long-term foreign currency rating. * % change in GDP on previous quarter, annual rate. **Bloomberg consensus forecast.*
****MSCI All Country World ex USA Index Daily Total Return Net. ****IP data from CPB; Currency level from MSCI EM Currency Index; GDP, CPI, budget and interest rate data from Bloomberg.*
†Any forecasts are based on Bloomberg consensus forecasts, where available, and assumptions. Actual results may vary from any such statements or forecasts. Past performance is no guarantee of future results.

Source: Bloomberg, CLIM

GLOBAL EQUITY - KEY ECONOMIC AND FINANCIAL INDICATORS

		Macroeconomic Data													Market Performance				Forecast†	
		% change on year ago				Latest 12 months														
	Developed Market	Annual GDP Growth	Quarterly GDP Growth QoQ*	Industrial Production Growth	Consumer Price Index	Budget Balance % of GDP 2023F**	Trade Balance	Current Account Balance	Foreign Reserves 2023 Latest	Foreign Reserves 2022 Year Ago	Currency vs $ 2023 Latest	Currency vs $ 2022 Year ago	Short-Term Interest Rates	Sovereign Rating S&P	% MSCI ACWI Net***	Stock Market Index (MSCI ACWI Net) US$	Change since 12/30/22 US$	Change since 12/30/22 Local	2023 P/E Forecast	3 month Currency vs $ +/-
		%	%	%	%		$ Bns	$ Bns	$ Bns	$ Bns			%		Apr. 28, 2023	Apr. 28, 2023	%	%		
Overweight	UK	0.2	0.4	-2.0	10.1	-5.4	-71.7	-117.8	105.05	123.11	1.25	1.23	4.67	AA	3.91	7745.86	11.75	6.95	11.0	+
	EM****	2.4	n.a.	1.7	6.3	-4.5	723.2	484.1	7602.44	7749.58	1688.12	1666.66	6.05	n.a.	10.66	499.56	2.78	3.06	12.4	n.a.
	AUSTRALIA	2.7	2.0	0.6	7.0	-1.1	103.3	20.4	36.38	36.28	0.67	0.69	2.00	AAA	1.89	4891.25	3.00	5.70	14.2	+
	CANADA	2.5	0.0	0.8	4.3	-1.2	11.9	-7.5	86.30	78.06	1.35	1.29	4.57	AAA	2.99	7257.12	7.42	7.52	13.3	+
Neutral	DENMARK	1.9	2.4	11.4	5.3	1.3	7.0	52.2	89.06	68.60	6.85	7.14	2.85	AAA	0.80	54383.81	16.94	13.31	28.4	-
	HONG KONG	2.7	22.9	-0.1	1.7	-1.8	-55.9	105.6	429.00	490.95	7.84	7.85	4.34	AA+	0.69	65005.84	-1.83	-1.29	14.8	+
	ISRAEL	2.5	5.3	3.5	5.0	-2.0	-38.1	61.8	195.96	201.62	3.65	3.39	4.67	AA-	0.17	132.70	-1.06	0.86	8.7	+
	JAPAN	0.4	0.1	-0.7	3.2	-5.5	-160.1	67.9	1134.01	1230.52	135.97	129.05	-0.16	A+	5.45	7048.70	6.58	9.98	13.8	+
	NEW ZEALAND	2.2	-2.4	2.2	6.7	-2.1	-10.0	-21.0	11.36	12.79	0.62	0.63	5.31	AA+	0.06	619.17	8.65	11.25	50.2	-
	NORWAY	2.4	0.8	-0.3	6.4	16.8	144.5	171.1	69.76	71.50	10.68	9.80	3.81	AAA	0.17	9058.21	-5.98	2.05	8.5	+
	SINGAPORE	0.1	-0.7	-4.2	5.5	-0.1	168.9	90.1	281.31	417.03	1.34	1.39	3.94	AAA	0.37	1159.54	6.32	5.83	12.5	+
	SWEDEN	-0.2	-2.0	-0.8	10.5	-0.1	-2.8	24.8	44.45	40.46	10.40	10.07	3.64	AAA	0.88	29673.12	14.03	12.25	14.7	+
	UNITED STATES	1.6	1.1	0.5	4.9	-5.3	-867.7	-943.8	37.57	39.25	1.00	1.00	5.35	AA+	60.52	11616.06	8.93	8.93	19.3	uc
Underweight	SWITZERLAND	0.8	0.0	6.1	2.6	0.0	45.8	81.9	822.86	1021.21	0.90	1.00	-0.75	AAA	2.65	17737.48	13.36	9.05	19.2	-
	FRANCE	0.8	0.8	-0.1	5.9	-5.1	-165.9	-58.6	27.94	52.12	1.09	1.04	3.00	AA	3.30	9066.32	19.95	15.96	14.3	+
	GERMANY	-0.1	0.0	1.6	7.2	-2.8	111.1	176.4	37.32	37.71	1.09	1.04	0.30	AAA	2.25	6590.92	18.61	14.66	11.8	+
	NETHERLANDS	3.2	2.4	-4.0	5.2	-2.3	58.5	41.0	5.73	4.80	1.09	1.04	3.17	AAA	1.14	23401.64	15.10	11.38	19.6	+
	ITALY	1.8	2.0	-3.2	8.3	-4.8	-25.3	-21.6	46.91	47.59	1.09	1.04	1.53	BBB	0.65	1035.51	19.81	15.82	8.4	+
	SPAIN	3.8	2.0	5.3	4.1	-4.4	-50.8	5.2	58.71	53.77	1.09	1.04	3.17	A	0.67	3455.03	18.94	14.98	10.6	+
	BELGIUM	1.3	1.6	11.7	5.6	-5.0	-8.6	-20.4	10.96	10.88	1.09	1.04	3.17	AA	0.26	8671.80	7.64	4.06	18.3	+
	FINLAND	0.1	-2.4	4.4	7.9	-2.8	-8.2	-9.3	7.83	7.85	1.09	1.04	0.04	AA+	0.25	1175.37	-0.12	-3.45	14.8	+
	IRELAND	6.4	-10.4	-22.8	7.2	1.1	66.7	92.1	1.15	1.01	1.09	1.04	3.45	AA-	0.20	468.34	24.90	20.75	15.7	+
	PORTUGAL	2.5	6.6	-4.4	5.7	-1.2	-32.1	-2.6	5.99	3.35	1.09	1.04	3.17	BBB+	0.06	209.49	7.66	4.07	17.2	+
	AUSTRIA	2.6	-1.2	-0.4	9.8	-2.8	-21.4	3.3	8.68	8.91	1.09	1.04	3.17	AA+	0.05	3654.25	8.21	4.61	6.4	+
	EUROZONE	1.3	0.4	2.0	7.0	-3.5	-2.7	-0.2	306.53	310.03	1.09	1.04	0.30	n.a.	8.85	412.31	17.79	13.89	12.6	+

*Note: All data shown are as at May 15, 2023 unless otherwise stated. S&P credit rating shown is long-term foreign currency rating. * % change in GDP on previous quarter, annual rate. **Bloomberg consensus forecast.*
****MSCI All Country World Index Daily Total Return Net. ****IP data from CPB; Currency level from MSCI EM Currency Index; GDP, CPI, budget and interest rate data from Bloomberg.*
†Any forecasts are based on Bloomberg consensus forecasts, where available, and assumptions. Actual results may vary from any such statements or forecasts. Past performance is no guarantee of future results.

Source: Bloomberg, CLIM

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