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Willem Sels

A number of very interesting months lie ahead of us, with the Federal Reserve joining the global rate cut momentum, markets wondering how much economic data will slow, elevated uncertainty around geopolitical conflict and what is bound to be a very closely followed US election.

Now, all of that already triggered some volatility in July, but markets rebounded quickly. And we think they're right, because markets don't stay down for long when the underlying investment fundamentals remain positive. The US economy is clearly slowing but not stalling or going into reverse. Hiring is down, but layoffs are still low, and household spending power is boosted by falling inflation.

Companies benefit from falling costs too, which is pushing profits and margins to near-record levels. Many corporates have plenty of cash to invest in exciting new innovations, (including AI), or to bring production back home. And much of what is driving the investment in robotics, next generation medicines, sustainable energy or infrastructure is structural in nature, and that supports the long term growth potential and productivity.

So while we clearly see more dispersion than before between strong and weak companies requiring a more selective and bottom-up approach, there are plenty of opportunities across sectors to find those companies with enduring earnings growth.

The rate cuts should help as well for many reasons. Mathematically, rate cuts help bonds and can support equity markets valuation multiples. It reduces companies' interest expense and it should help boost M&A activity. And importantly, as cash rates become less attractive, we think some of those very high money market fund holdings will finally be put to work, across bonds, equities and alternative assets.

Now as you know, we have already been putting our cash to work. And our optimistic take on fundamentals of course, means that we continue to do so. But we do this in a global and multi-asset approach, looking at both cyclical and structural opportunities.

So what are our four priorities in portfolios?

Firstly, we target earnings endurance amid the more moderate global growth that lies ahead. Plenty of companies will still generate strong earnings growth in this environment, but we need to focus more on those with strong market positions, innovative products and forward looking management, not just in the US but also in the UK, Spain and Japan, which are three other developed markets that we like. Given the run up in tech valuations, it's important to broaden the sector exposure too, to include attractive bottom-up opportunities in healthcare, industrials and financials, for example.

Secondly, we put our cash to work in quality credit and multi-asset portfolios. Investment grade and quality hard currency emerging market bonds tend to do well when global growth is moderate and rates are being cut. Correlations between bonds and equities have dropped and have become negative, which makes bonds better

diversifiers than in recent years. And multi-asset portfolios, including stocks and alternative assets, benefit from a rich opportunity set that we want to tap into.

Thirdly, while fundamentals are positive, there is, of course, plenty of scope for some volatility around the news headlines in the coming months. Volatility often picks up ahead of US elections, but tends to come down again when the result is known.

So we bridge that period of uncertainty with hedge funds and volatility strategies. Hedge funds should be able to monetise opportunities in global interest rate markets, equities and currencies. Volatility strategies can help provide a backstop against temporary volatility, while still keeping exposure to that medium-term upside that we foresee.

Lastly, we look at Asia's quite diverse markets and see many opportunities but actively diversify, focusing on resilient growth leaders and quality credit. India's equity markets have been doing very well, supported by strong cyclical momentum and structural support. Elsewhere, we favour corporate governance reform winners in Japan, China and South Korea, as companies are increasing dividend payments and share buybacks. We expect to see further policy support to boost growth in mainland China and Hong Kong, which will bring tactical opportunities among undervalued industry leaders and quality state owned enterprises (SOEs) paying high dividends.

For carry opportunities, we stay focussed on Asian Investment Grade corporate bonds in hard currency and Indian local currency government bonds, as the Fed rate cuts should allow Asian central banks to embark on their own rate cutting cycle too.

So yes, we have an optimistic take on markets: there could be some headline related volatility, but it should be mild. And the opportunity set in equities, bonds and alternative assets is rich, whilst cash is now clearly becoming less attractive.