



Thomas Romig
Head of Multi Asset
Portfolio Management

- > The economic turbulence of recent years seems to be behind us.
- > Falling inflation, rising purchasing power, and technological progress are supporting global growth.
- > Equity markets are likely to benefit from the current environment.

The past four years have been exceptionally turbulent for the global economy and financial markets. The collapse of international supply chains, unprecedented monetary and fiscal interventions, Europe's energy crisis, a sharp surge in inflation, and a globally synchronised tightening of monetary policy have left a lasting mark on economic sentiment and put the foundations of many economies to the test. Confidence remains particularly low in Europe and Germany. In our view, however, this pessimism is unwarranted. There is good reason for optimism, as several indicators now point to the beginning of a global upswing.

Resilience of the global economy

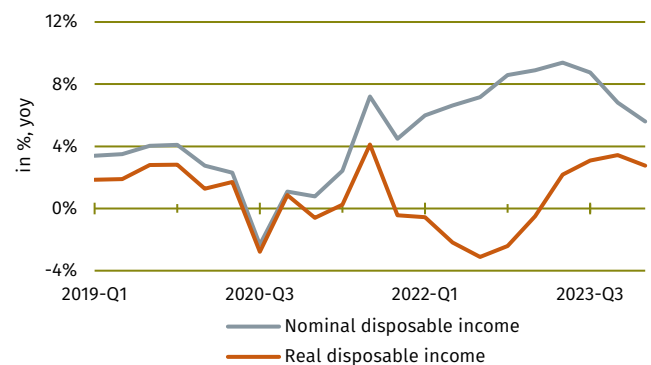
Once again, the global economy has proven more resilient than widely expected. The gloomy forecasts of many economists have so far failed to materialise. Strong growth in the United States and major emerging markets – particularly India – has largely offset the weakness in Europe. Supported by rising demand, global trade is also showing signs of recovery. Looking ahead, export-oriented countries such as Germany are likely to benefit and may expand in the slipstream of major trading powers like the US and China.

»The recent record highs in equity markets appear justified – and there is still room for further upside.«

Stable labour market

The global labour market remains remarkably resilient. Unemployment in many developed economies is hovering near record lows. Despite subdued economic momentum, the jobless rate in the Eurozone, for example, stands at just 6.5 percent – its lowest level on record. Combined with declining inflation, this has led to rising real wages. As a result, consumer confidence is improving and domestic demand is picking up, with more income available to spend on goods and services.

EU27: Real disposable income is trending upwards (01.01.19 – 01.03.24)



Source: Eurostat

Declining inflation

The elevated inflation of the past two years appears to be fading as quickly as it arrived. Higher interest rates, driven by tighter monetary policy and lower energy prices are already having a clearly dampening effect on inflation. Unlike the 1970s and 1980s – when inflation in developed economies remained persistently high between 5 and 15 percent for over a decade – price pressures have not become entrenched at those levels this time. A softer inflation backdrop increases the room for interest rate cuts by central banks this year, which could further support economic activity. However, it is too early to declare victory over inflation. Wage increases in several sectors suggest that inflation dynamics could shift again.

Technological progress

The rollout of new technologies – particularly artificial intelligence (AI) – is at the heart of potential productivity gains across many economies. These innovations are not only key to enhancing competitiveness but also play a major role in improving overall economic performance. There remains considerable growth potential: according to a study by the European Investment Bank, only around one third of companies in the US and Europe are currently using AI in day-to-day operations.

assenagon Perspectives

Global economy: Optimism is warranted



30 | 24 May 2024

For the investor

Of course, downside risks to the global economy remain. These include ongoing geopolitical conflicts and wars, rising protectionism, regulatory barriers, and in some cases, high levels of government debt. Nonetheless, there are strong reasons to be optimistic about the second half of the year. The recent record highs in equity markets appear justified – and there may still be further upside potential. That said, investors should maintain a balanced investment strategy that captures opportunities in high-growth sectors while managing risk through careful diversification. This approach allows investors to benefit from positive economic momentum while also protecting their portfolios against potential setbacks.

Thomas Romig

Comments or feedback? We look forward to a dialogue with you: thomas.romig@assenagon.com.
For more information about Assenagon and our publications, please visit www.assenagon.com.

Management Company: Assenagon Asset Management S.A., Aerogolf Center, 1B Heienhaff, 1736 Senningerberg, Luxembourg, www.assenagon.com

This is a marketing communication. Please refer to the prospectus of the fund and to the key information document or key investor information document before making any final investment decisions. The past performance of the strategy is not a reliable indicator of its future performance and does not guarantee future success. All information serves solely to support your independent investment decisions, which should take into account, in particular, all the characteristics or objectives of the promoted fund as disclosed in the sales documents, and does not represent a personal recommendation, nor an investment recommendation or investment strategy recommendation on the part of the issuing management company Assenagon Asset Management S.A. Assenagon cannot guarantee the correctness, completeness or accuracy of the information. Any liability arising from this document is therefore completely excluded. The only documents deemed binding are the prospectus and the current annual and semi-annual reports as well as for UCI funds the key information document or key investor information document, which can be requested in German free of charge from the management company at www.assenagon.com, or from the distribution, paying or information agents. A summary of investor rights is available at www.assenagon.com/fileadmin/footer/Assenagon_Complaints_Handling_Policy.pdf. The fund's net asset value may be subject to fluctuation. The full prospectus contains comprehensive risk information in that respect. All information is subject to change at any time without prior notice. The management company may revoke distribution licenses of individual funds and sub-funds at any time at its own discretion in compliance with the legal requirements. Information on sustainability-relevant aspects, if applicable, is provided at www.assenagon.com/en/funds. The information was examined only for compliance with Luxembourg and German law. In some jurisdictions, the dissemination of such information may be subject to legal restrictions. The preceding information is thus not intended for natural or legal persons who have their residence or registered office in a jurisdiction that restricts dissemination of information of this type. Natural or legal persons who have their residence or registered office in a foreign jurisdiction should seek information on such restrictions and observe them accordingly. In particular, the information contained in this document is not intended for citizens of the UK (except for, respectively, A. information that may be provided on the basis of a license for distribution of the respective product and B. a person in relation to whom exemptions under the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "Order") apply. Relevant exemptions under the Order include, but are not limited to, Article 49 of the Order (high net worth companies)). The information contained in this document is also not intended for any resident of the United States or any other person deemed to be a "US person" as defined in Rule 902 of Regulation S under the US Securities Act of 1933, as amended, and this document does not purport to be an offer or sale of any interest in an Assenagon-managed fund to any such US person. No US federal or state securities commission or regulatory authority has confirmed the accuracy or determined the adequacy of this presentation or any other information provided or made available to investors. Any representation to the contrary is a criminal offense. For information on data protection, see the full prospectus.