



“4’859.62”

**Our Opinion
January 2024**

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Dear Readers

The article “4,859.62” shows what the forecasts for the 2024 investment year look like and how investors should approach them.

Looking for advice and support on financial matters? Our investment advisors look forward to hearing from you and will be happy to talk to you personally.

We wish you a pleasant read.
Your Advisory Team

“4’859.62”

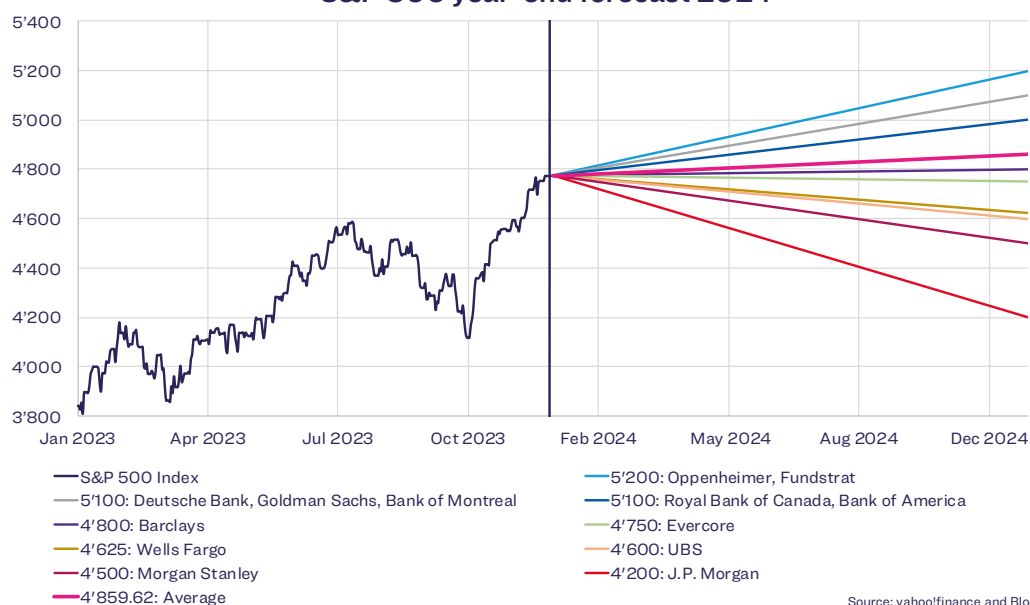
Equities

Every year in December, financial analysts unpack an imaginary crystal ball and forecast the performance of the major equity indices for the coming year. 4,859.62 is the average year-end forecast of the world’s largest financial institutions for the S&P 500 Index (see chart below):

Neue Bank traffic light

- strongly bearish
- bearish
- neutral
- slightly bullish
- bullish
- strongly bullish

S&P 500 year-end forecast 2024



The financial media love the forecast circus with its supposedly precise predictions – because readers love them, too. The annual forecast is intended to give people a pinch of certainty in a chronically uncertain stock market world. Apparently, a great deal of trust is placed in the analysts’ abilities, otherwise the annual exercise would have become obsolete long ago. How can all the experts who constantly deal with the capital markets be wrong? They can be – that much is certain – because nobody can predict the future. Let’s take the year 2023 as an example. At the end of 2022, most analysts had predicted a recession in the United States, with further declines on the markets. But what actually happened? Exactly the opposite, i.e. what was not expected! The US economy grew at about 5%, and the US equity market reached

new highs. And even if certain experts see certain events coming, this does not necessarily mean that equity market trends can be read off of those predictions. The best examples are the withdrawal of the United Kingdom from the European Union (Brexit) and the election of Donald Trump as US president. In both cases, significant upheavals on the markets were expected. Instead, markets climbed from one high to the next in the months after the events occurred. The conclusion is that even though some “catastrophes” can be anticipated, their impact on the equity markets cannot be predicted. Investors should not be guided by such forecasts, and should instead ignore the daily market clamour.

Anyone wanting to invest successfully needs a clear strategy and a long-term investment horizon.

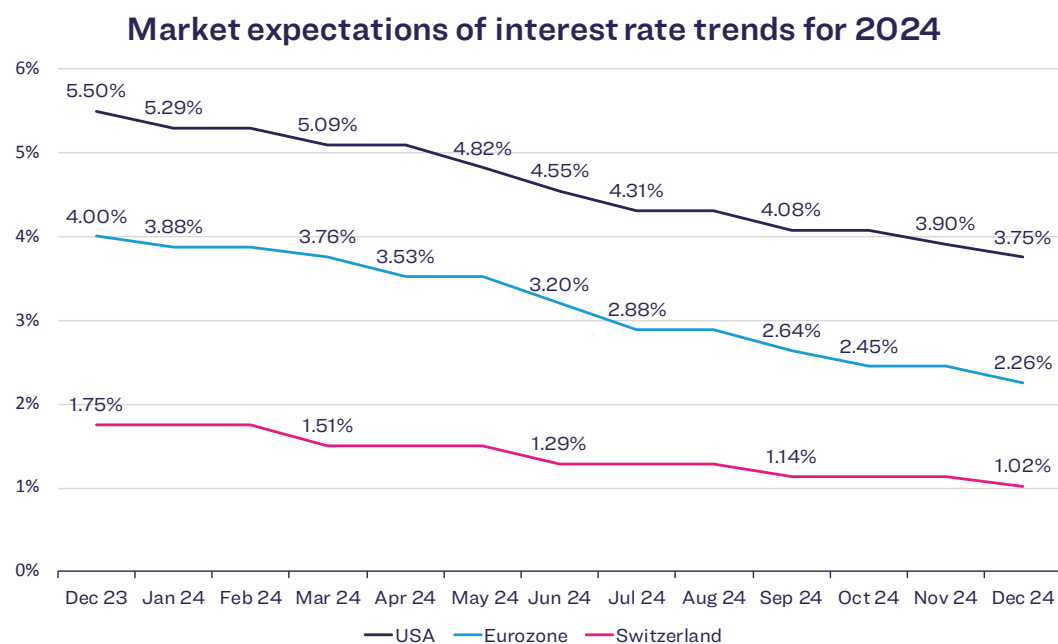
Based on our Neue Bank traffic light, which is slightly bullish, we are optimistic about the start of 2024, but of course we also do not know for certain how things will turn out.

Economy

In the same way, economists attempt at the end of each year to predict the economic trends for the coming year – and in most cases, these attempts are likewise not crowned with success. For instance, a slow-down in the US economy and a slight recession in the Eurozone are expected for this coming year. The real economic data in recent weeks reflects these assessments. In the United States, the figures for purchasing managers, retail trade, and the labour market continue to be robust, while the indicators in Europe signal a continuation of the ongoing weakness. Our economic indicator is still slightly above the growth threshold.

Bonds

The following chart shows the development of interest rate futures (market interest rate forecasts), which indicate that interest rates will fall significantly in 2024. Seven interest rate cuts are expected in the US, six in the Eurozone, and three in Switzerland:



Source: Bloomberg and Neue Bank AG

This investor confidence is due to the significant fall in inflation rates and the dovish comments by the US Federal Reserve (Fed). As a result, bond yields have fallen sharply across almost all regions. While 10-year US government bonds were still trading at just under 5% in mid-October, they have now fallen to below 3.9%. Because these are merely expectations from today's perspective, they should be treated with caution and are by no means set in stone. On the contrary, interest rate futures can change significantly from one second to the next, should an event occur that nobody had been expecting.

Currencies

The Japanese yen is predicted to make a comeback in 2024. While the currency was still one of the losers in 2023 due to its significant fall against the Swiss franc, euro, and US dollar, many expect the JPY to strengthen significantly in the first half of 2024. The reason is the expected exit from negative interest rates (interest rate hike) by the Bank of Japan. In light of the interest rate cuts by other central banks

as described above, the interest rate disadvantage of the JPY compared to the other major currency areas should be reduced significantly, and the currency should appreciate. Based on our currency indicator, we have been hedging JPY positions in our portfolios for quite some time. If the forecasts continue to be as conclusive, we will stick to our strategy (hedging) as long as it is signalled by our indicator.

Alternative investments

The prices of gold and oil are also popular targets for forecasts. But here again, reliable predictions are impossible. Let's be clear: looking into the future is possible only to a limited extent or not at all. This should be obvious to the vast majority of forecasters. So why do they make predictions in the first place? Because they are expected to, and because it is part of their business. In conclusion, we also would like to venture a forecast for 2024: "Inflation appears to be under control, interest rates should continue to fall, and the US economic engine is running smoothly. So nothing stands in the way of a positive investment year in 2024 – or will things turn out differently after all?"

PRIMUS–ETHICS

With the PRIMUS-ETHIK asset management mandate, we give investors the opportunity to incorporate environmental and social considerations into their investment decisions alongside financial aspects. We invest your assets in ethically and morally sound companies and apply professional approaches to their implementation. Scientific studies prove the positive effects of sustainability on economic success. Neue Bank AG's client advisors will be happy to show you the special features of this asset management solution in a personal meeting.

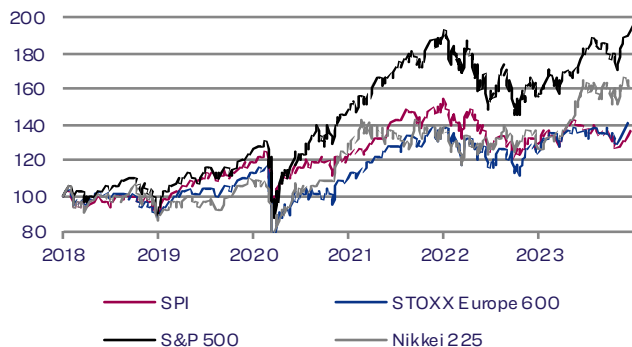
Key Performance Indicator in USD¹

	31.12.2023	2022	2021	2020	2019	2018
PRIMUS-ETHICS Equities World	28.83%	-28.69%	31.27%	23.34%	31.89%	-4.76%
Benchmark	22.27%	-23.66%	17.85%	22.56%	26.63%	-9.71%

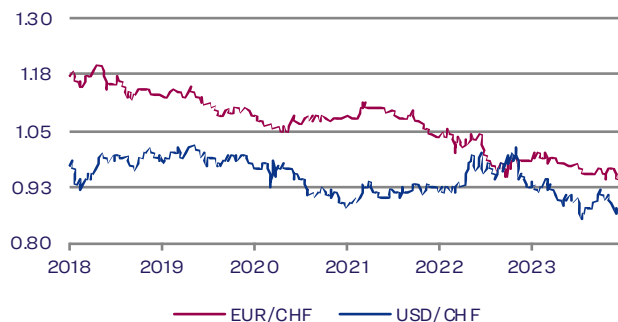
¹ Past performance is not an indicator of future performance and offers no guarantee of success in the future. The presentation of performance is gross without taking into account your individual tax liability. The net performance is lower due to fees. You can also find Our Opinion on our website: www.neuebankag.li S.E.& O.

Market data

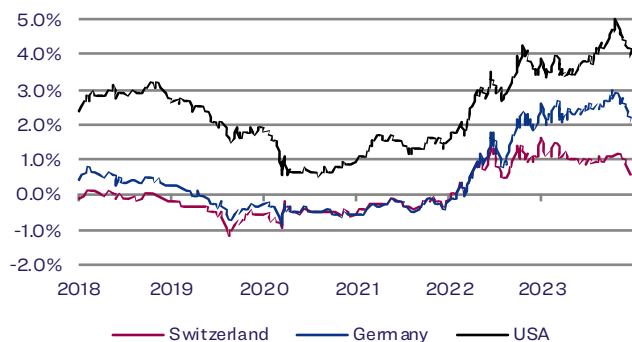
Stock market (indexed)



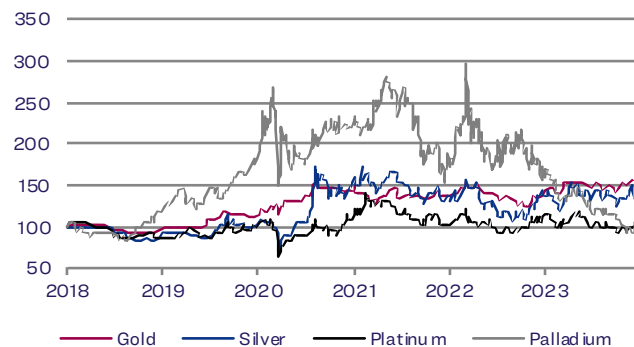
EUR/CHF and USD/CHF



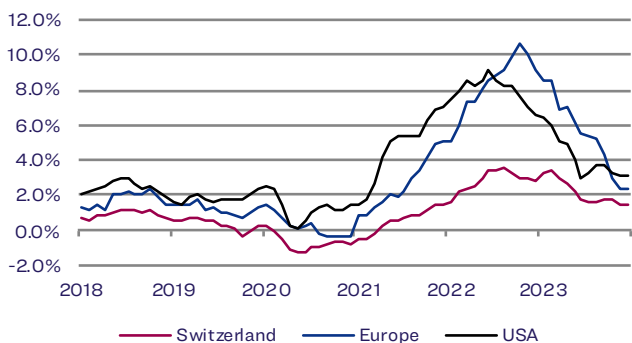
10-year government bond yield



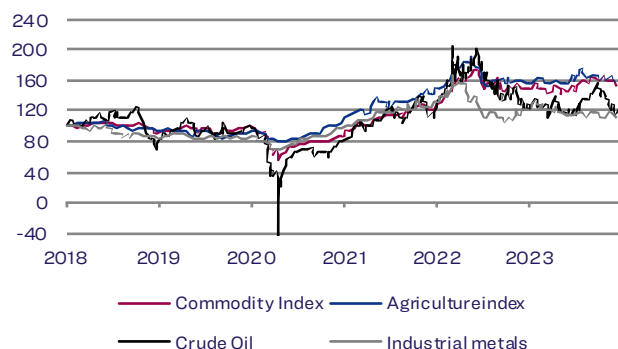
Precious metals (indexed)



Inflation rate



Raw materials (indexed)



The price developments are shown over 5 years.

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