T. Rowe Price

2024 Global Market Outlook
Midyear Update

Are the central banks keeping you up?

There's been a lot of change in markets over the past six months with more to follow. We expect fewer interest rate cuts, a broadening in economic growth and renewed upward pressure on inflation. And we believe that presents favourable conditions for active managers like T. Rowe Price to outperform.

U.S.
We see no more than two cuts on the way, with resilient data keeping U.S. rates higher for longer. Inflation is unlikely to fall to the projected target, with services proving sticky.

Finding good value in a broader market

While most developed market central banks are walking a tightrope amid re-accelerating inflation, we anticipate broadening growth for the global economy. Despite the U.S. being strong, leading indicators elsewhere suggest that the narrative of U.S. economic exceptionalism may taper off.

Eurozone
Tighter fiscal impulses have led to medium term challenges and the European Central Bank (ECB) cutting rates in June. Services remain a risk but we think inflation should gradually come down to target.

China
We don't see much upward inflationary pressure coming. However, we do expect incremental easing but not from rate cuts.

Interest rate cuts are being trimmed

The Bank of England is poised to follow the ECB with a cut prior to the U.K. general election on July 4. In the U.S., stubborn inflation could keep the Fed to one or two rate reductions of 25 basis points each, and we expect to see gradual tightening from the Bank of Japan.

Japan
Growth is expected to pick up, driven by increases in real income, and core inflation looks set to remain well below target. The yen could pose upside risks.

Inflation remains a sticky situation

Due to renewed upward pressure on inflation, investors may benefit from exposure to real assets, such as energy stocks and commodities, which may provide an effective hedge against inflation.

We believe recession is off the table for six months

We continue to favour Japan, and Korea and Vietnam are our pick of the emerging economies.

EmergingMarkets
After a rapid fall, disinflation is starting to meet some resistance, but currency concerns may lead to caution and a slow down in rate cuts.

Taking stock

With signs emerging that the Magnificent Seven[1] is starting to fragment, we anticipate a continued broadening of opportunities to include more companies and sectors across the market. For those looking to exit cash, we expect opportunities in select equities and short-term bonds, which are highly valued during uncertain periods like now. They're less exposed to interest rate changes and provide the potential for higher returns than cash while being almost as liquid.

T. Rowe Price

Discover more at troweprice.com

Important information

1. Includes Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla. Where securities are mentioned, the specific securities identified and described are for informational purposes only and do not represent recommendations.

Australia: Issued by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 28, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia.

062024-3655120