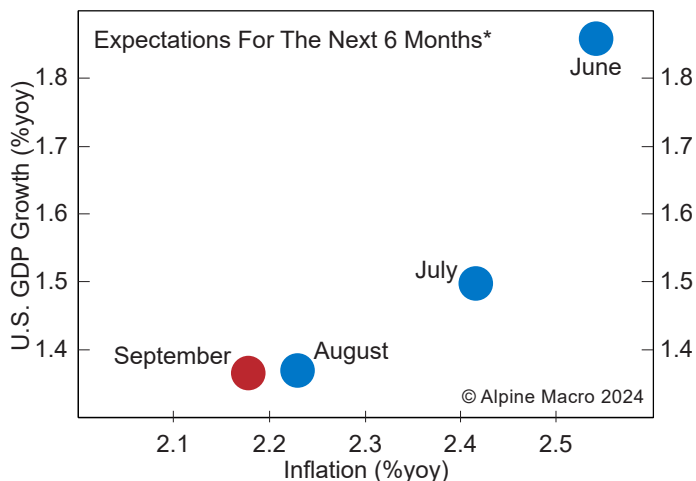


We are thrilled to share the results of the *Alpine Macro Investment Survey* for September. This brief questionnaire aims to gauge investor sentiment, positioning, and general views on major macro issues in a timely manner. Please note that the survey was sent exclusively to Alpine Macro clients, and both their identities and answers are kept strictly confidential.

While participating clients can view the survey results immediately after completing their questionnaire ([see sample here](#)), the final tallies are sent in a report *via* email as this one is. Here are some highlights from the survey conducted between September 16th and 22nd:

- A soft landing remains the consensus, but risks are tilted to the downside. Clients downgraded their inflation expectations and growth forecasts are still below trend.
- Client positioning still skews towards a risk-on stance, with sizable overweight allocations to stocks. The allocation to bonds is slightly more aggressive than neutral, at the expense of cash and commodities.
- Regional preferences continue to heavily favor the U.S., likely reflecting the stronger U.S. economy and superior risk-asset performance.
- Yield curve bull-steepening and slowing earnings growth emerge as the overwhelming consensus among respondents.



*Based on weighted averages for Q1 and Q2 of the survey.

Chart 1 Further Cooling Of The U.S. Economy

Clients expect the U.S. economy to cool and output to remain soft. Most respondents foresee growth running below trend, with inflation nearing the 2% target by year-end. Clients anticipate both weaker growth and lower inflation compared to the latest Summary of Economic Projections from the FOMC.

Where do you see annualized real U.S. GDP growth over the next 6 months?

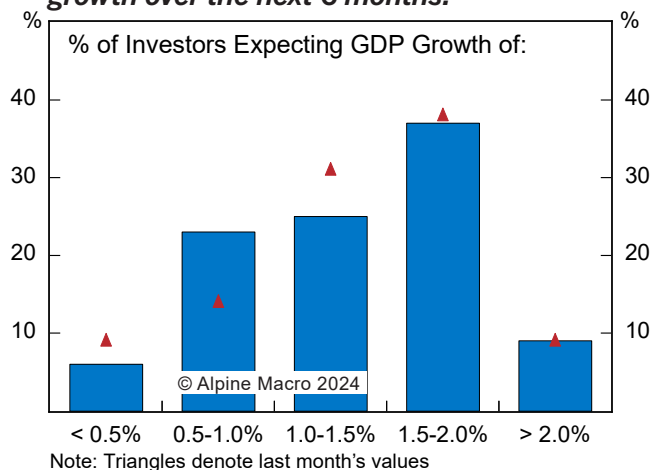


Chart 2 Growth Prospects Remain Subdued

Growth expectations from clients stayed weak in the latest survey at around 1.4%. Although the modal response remains within the 1.5-2.0% range, over a quarter of clients expect output growth to fall below 1%. Conversely, less than 10% of clients expect the economy to grow at or above trend.

Where do you see annualized U.S. PCE inflation over the next 6 months?

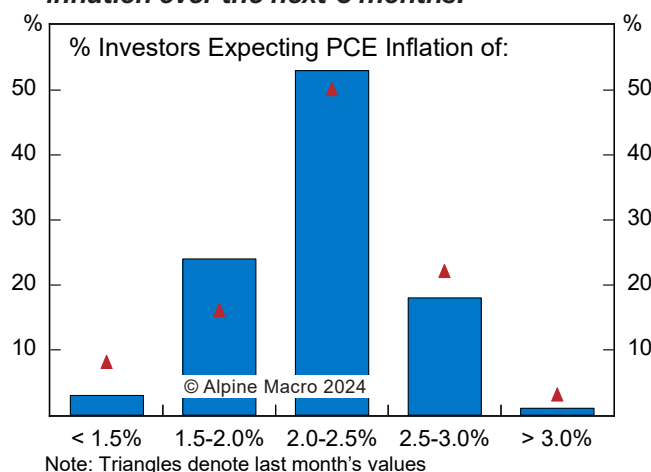


Chart 3 Inflation Almost At Target

Respondents slightly downgraded their inflation expectations, which center around 2.0-2.5% over the next two quarters. Risks are roughly balanced on both sides, with few outliers.

How are you positioned for stocks?

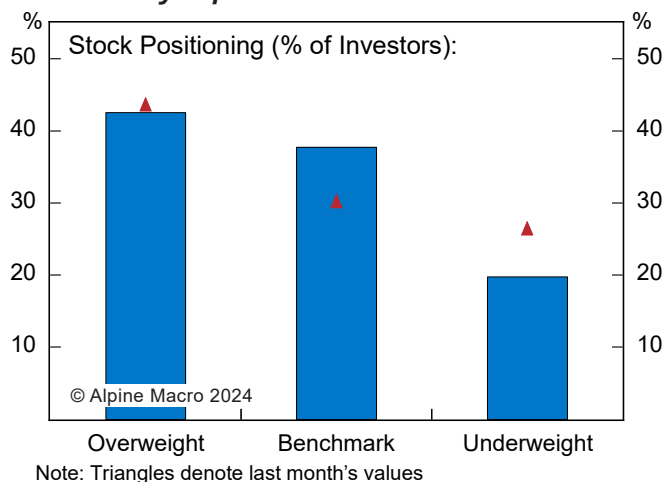
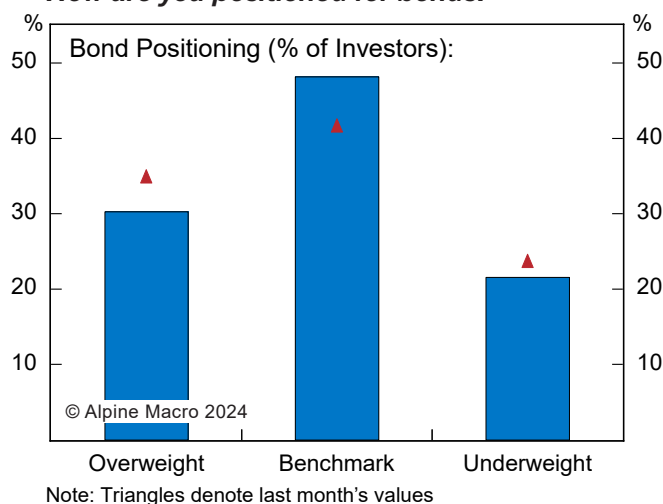
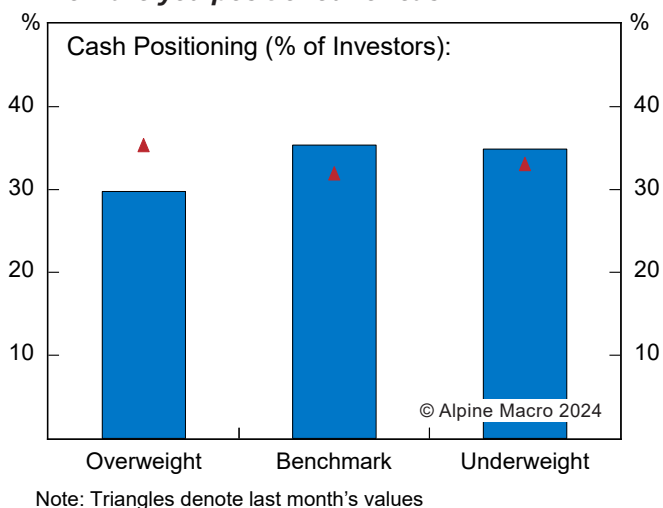


Chart 4 Asset Positioning – Overweight Stocks

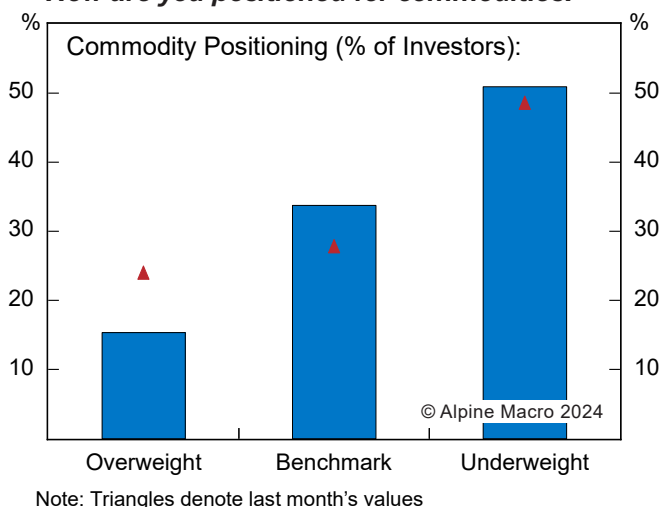
Equity positioning remains bullish, with 42% of respondents overweight in stocks. The share of clients at benchmark equity allocation rose from 30% in August to 37%, at the expense of those underweight.

How are you positioned for bonds?**Chart 5 Asset Positioning – Neutral Bonds**

Respondents marginally downgraded their bond positioning in September. Overweight allocations fell by 5% to 30%. Benchmark positioning rose to 48% from 42% of the responses.

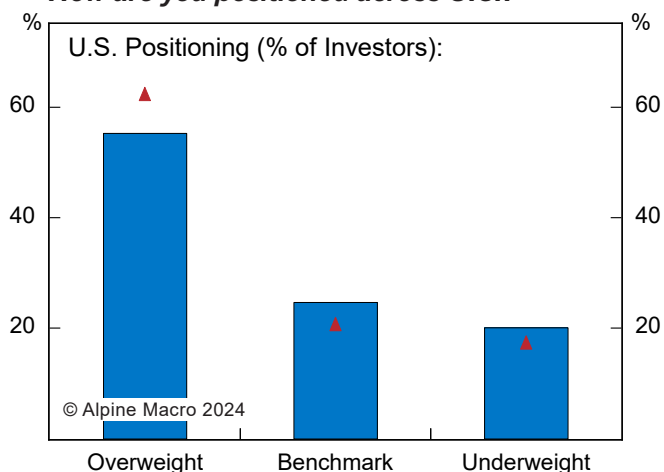
How are you positioned for cash?**Chart 6 Asset Positioning – Neutral Cash**

Clients hold diverse cash allocations, though the average remains at benchmark. Unlike bonds where most investors are at benchmark positioning, all three choices see roughly equal representation in the responses for cash.

How are you positioned for commodities?**Chart 7 Asset Positioning – Heavily Underweight Commodities**

Commodities are still the least favored asset class among our respondents. About half of the clients who can invest in commodities are underweight, largely unchanged from August. The share of respondents at overweight fell from 24% to 15%, while the share at benchmark allocation rose to 34% from 28%.

How are you positioned across U.S.?

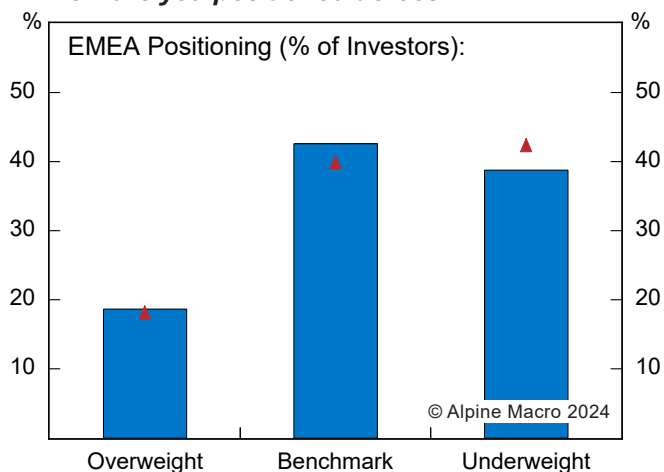


Note: Triangles denote last month's values

Chart 8 Asset Positioning – Heavily Overweight U.S.

The U.S. remains by far the favorite region for investment. The survey shows that 55% of respondents are overweight in U.S. assets. Clients at benchmark and underweight allocations are at 25% and 20%, respectively.

How are you positioned across EMEA?

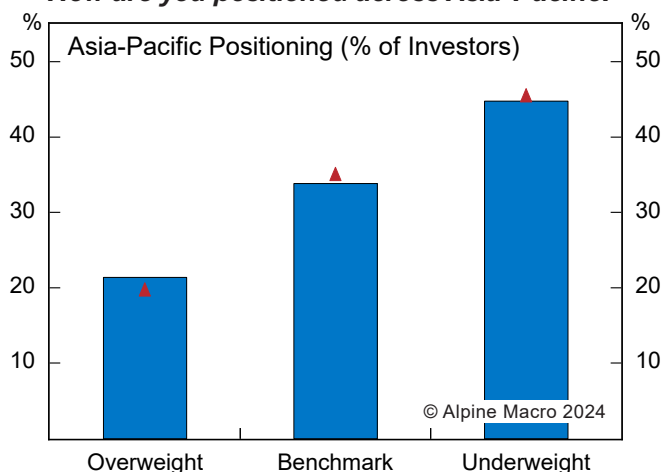


Note: Triangles denote last month's values

Chart 9 Asset Positioning – Underweight EMEA

Investors remain cautious about EMEA in September. A small share of clients previously underweight in this region moved to benchmark.

How are you positioned across Asia-Pacific?



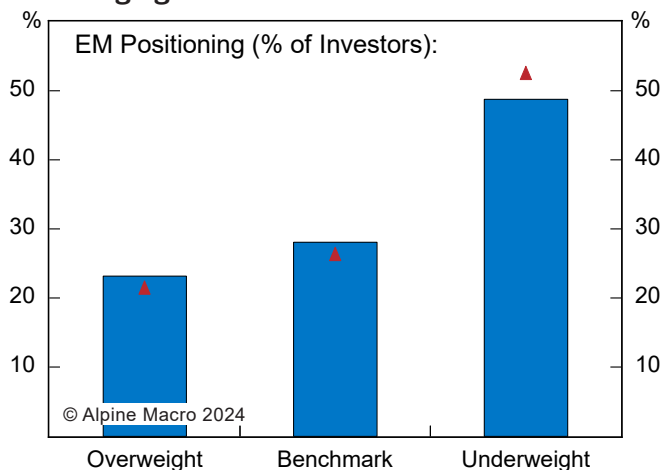
Note: Triangles denote last month's values

Chart 10 Asset Positioning – Underweight APAC

Nearly half of clients are underweight in APAC, largely unchanged from August. Only 21% of clients are overweight, while 34% are at benchmark allocation.



How are you positioned across Emerging Markets?

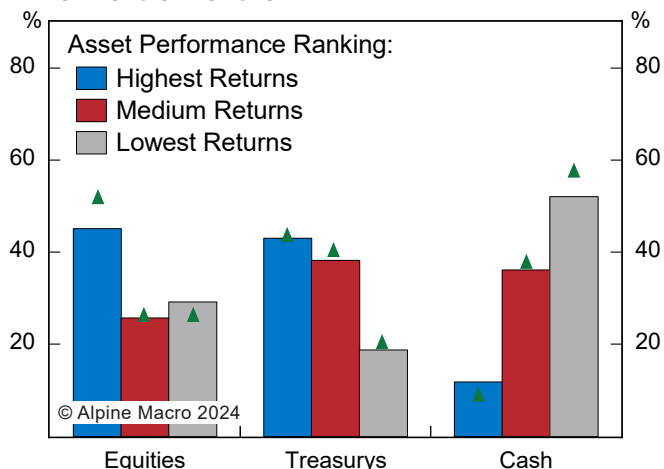


Note: Triangles denote last month's values

Chart 11 Asset Positioning – Heavily Underweight Emerging Markets

EM remains the most shunned region. 49% of investors are underweight, similar to August. The share of clients at overweight and benchmark allocations is 23% and 28%, respectively.

Rank the following asset performances for next 6 months



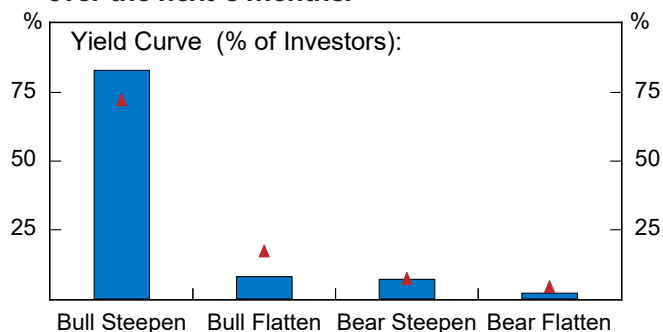
Note: Triangles denote last month's values

Chart 12 Evenly Divided On Stocks And Bonds

When asked to rank asset classes by performance, investors are roughly equally bullish about stocks and bonds over the next six months, similar to responses in August. Clients expect Treasuries to provide a downside buffer even if they do not outperform stocks. Most clients expect cash to be the worst-performing category.



How do you expect the yield curve to behave over the next 6 months?



Note: Triangles denote last month's values

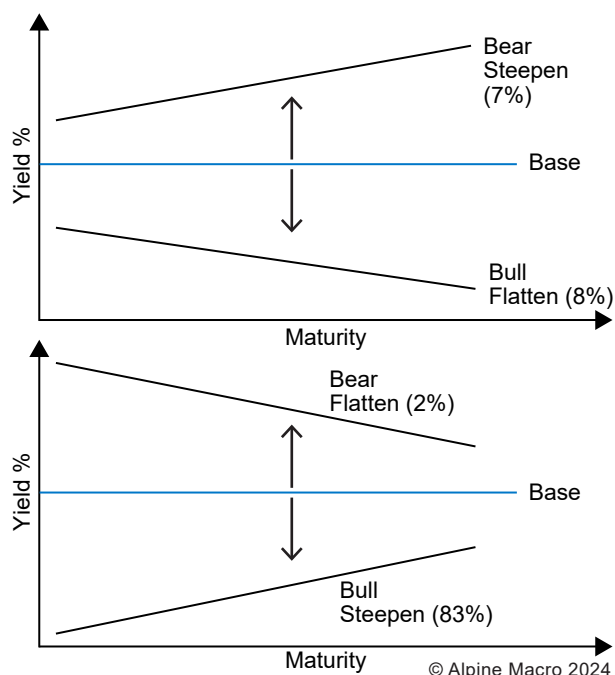
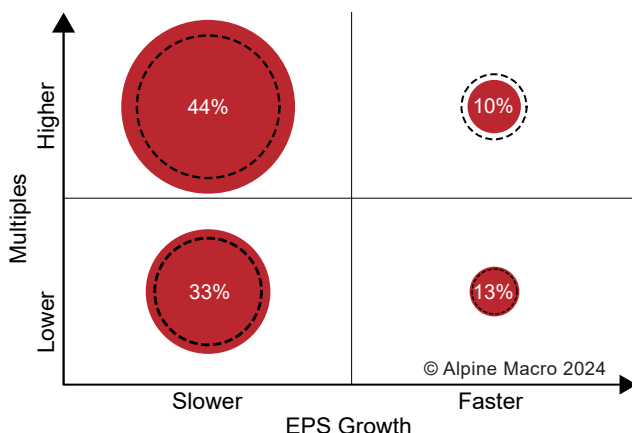


Chart 13 Overwhelming Consensus Bull-Steepener

The consensus around a bull-steepener intensified further. Over 80% of respondents expect the yield curve to behave this way in the next six months, up from 72% last month. The bottom panels are intended to help visualize the yield curve and provide the same information.

What are your expectations for U.S. equities over the next 6 months?



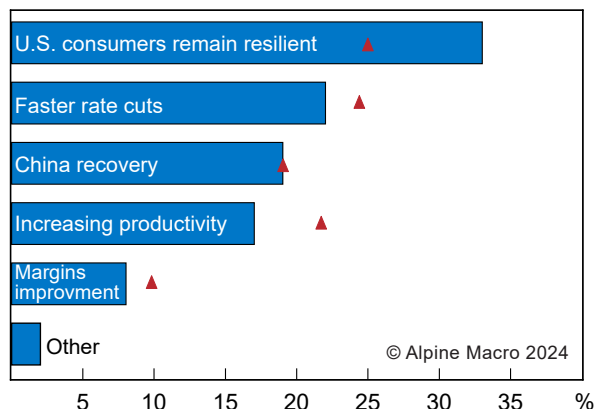
Note: Dashed lines denotes last month's values

Chart 14 Clients See Slower Earnings Growth

Equity performance drivers stay roughly unchanged based on the survey results. 44% of respondents believe earnings growth will decelerate while multiples will expand, similar to August. Only 10% of clients see both earnings and multiples boosting stock prices.

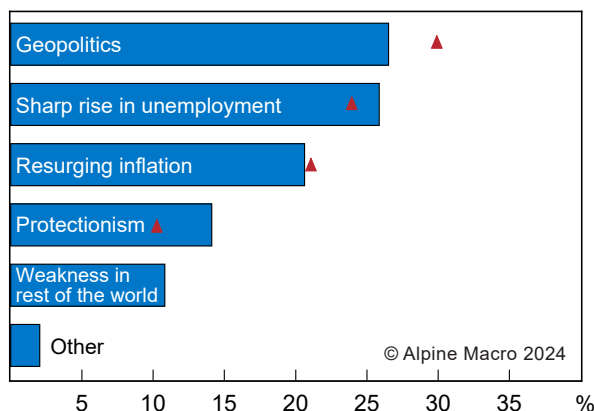


**What is the biggest upside tail risk?
(you can choose more than one)**



Note: Triangles denote last month's values; newly added choices do not have values for the previous month

**What is the biggest downside tail risk?
(you can choose more than one)**



Note: Triangles denote last month's values; newly added choices do not have values for the previous month

Chart 15 Hopes That The U.S. Consumer Stays Resilient

The main upside potential for risk assets comes from a resilient U.S. consumer. Clients also view faster rate cuts and a China recovery as likely candidates for a positive shock.

Chart 16 Worried About Geopolitics And Jobs

On the downside, respondents are equally concerned about geopolitics and a weaker labor market. Client comments suggest that geopolitical worries stem more from conflicts with China and Iran rather than Russia. Some clients are also concerned about the U.S. election.



How likely are the following economic outcomes in the next 6 months?

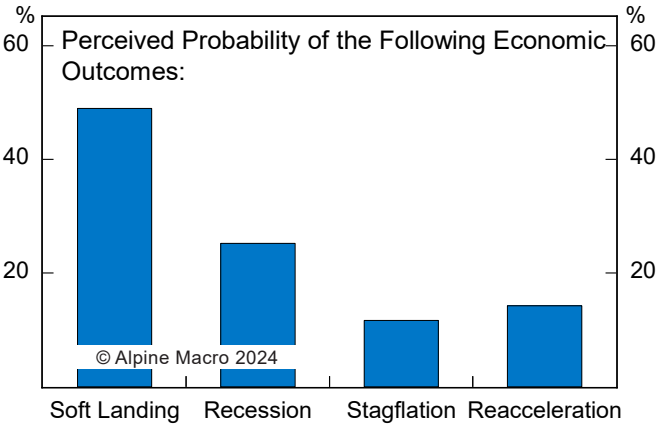


Chart 17 A Soft-Landing With Risks To the Downside

Clients see a roughly 50% chance of a soft landing in the next six months, and a recession as a non-negligible tail risk. With inflation continuing to decelerate, both stagflation and reacceleration scenarios are deemed unlikely. Clients were asked to rate the likelihood of each outcome rather than to choose the most likely scenario, which better represents the probability distribution of outcomes.

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