

## Global Markets Outlook 2024

# Towards a Better Balance

We recently laid out our Global Macro Outlook for 2024—*The Hard Part is Over*. We provide more detail on our Global Markets Outlook here, highlighting as usual 10 core investment themes that drive many of our market views. More detailed outlooks for the individual asset classes are forthcoming.

- 1. Parking the Plane:** Inflation nearing target, no imminent US recession, but markets already priced for soft-ish landing.
- 2. The Great Escape (From a Low-Yield Equilibrium):** Real yields on core assets mostly back to pre-GFC levels, so a more conventional opportunity set.
- 3. Loosening the Inflation Constraint:** Further disinflation could open the door for a weak “Fed put”, especially later in 2024.
- 4. US Exceptionalism—More on Growth than Inflation:** A benign growth backdrop in most places, but US looks to be the “surest thing”.
- 5. The Dark Side of “Higher for Longer”:** Higher rates cause ongoing stress for some sovereigns and pockets of corporate and consumer sectors.
- 6. Valuing Duration:** Better valuations and a shift from inflation to growth risks make duration more attractive for portfolios.
- 7. A Smaller Carry Cushion:** Carry less appealing than all-in yield, limiting the upside even in benign cases.
- 8. Equities—Finding the Right Kind of “Yield”:** Valuations not uniformly stretched, potential upside if rates fall earlier.
- 9. EM—The Limits of Narrow Outperformance:** Selective performance reaching limits, US rate relief needed to unlock broader gains.
- 10. Balancing Portfolios:** More balance as non-cash assets outperform cash in our central case and each asset class protects against a different “tail”.

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# Global Markets Outlook—Towards a Better Balance

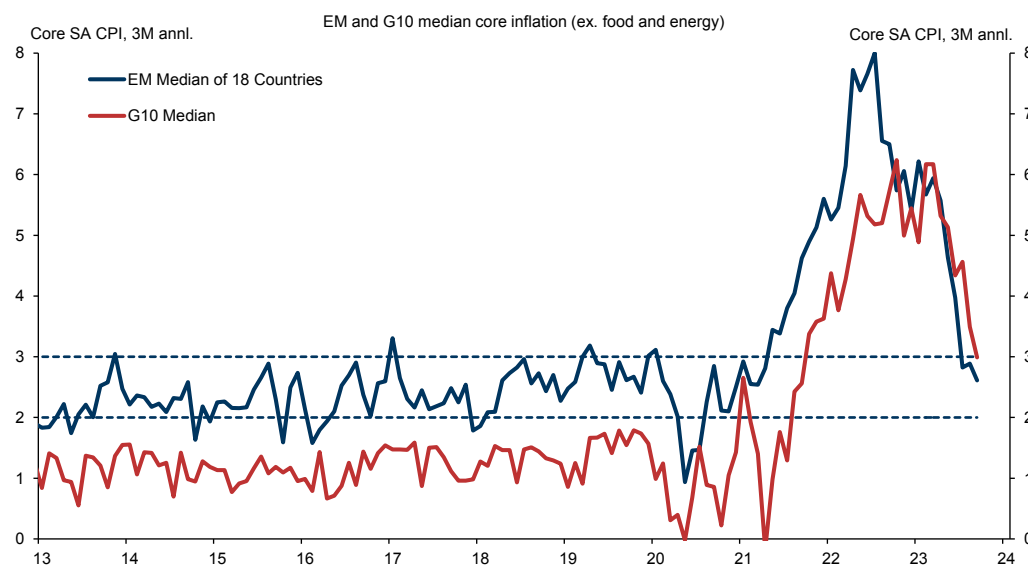
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## 1. Parking the Plane

- Inflation in striking distance of target across DM and EM...
- ...and no imminent risk of US recession.
- Key market challenge is that our modal view is well-reflected in markets.
- Bigger asymmetries in the tails of the distribution around that modal view.

In the US and across large parts of the DM and EM world, inflation has declined to within striking distance of central bank targets without a major slowing in growth, a pick-up in unemployment or a recession. In that sense, the plane has landed softly. The question now is where in the vicinity of that target to park it. But with the largest part of the inflation surge now behind us, for the first time in a couple of years, the risks are becoming more symmetric—with the risk of inflation remaining sticky slightly above target to be weighed against the risk of weaker activity. While those risks and uncertainties remain, and at some point a recession will occur, under our modal economic forecasts recession is not imminent, and we see the odds as no higher than for a typical year, compared with consensus forecasts that are more downbeat. Instead, we envisage a period of global growth that is broadly around trend, and continued slow declines in inflation.

The challenge for investors is that this modal view, while considerably more benign than consensus economic forecasts, is now quite well-reflected in market pricing. The prospect of higher rates for longer reflecting that benign view and higher neutral rates is also now broadly embedded in rate curves, as is the fact that we are likely to be living in a world where Dollar strength is not likely to be quickly or easily eroded. The resilience of risk and carry assets means that valuations are not especially compelling and point to modest positive returns under our central case for equities, credit and bonds, though our central case is more firmly positive for commodities (see Themes 7 and 8). The larger asset market asymmetries and opportunities are therefore in the tails of the distribution around our modal view. For example, on the downside tail, the value of bonds as a recession hedge has been rising (see Theme 6), and on the upside tail where inflation normalises faster and opens up space for US rate cuts, equities and EM assets have room to deliver broad-based outperformance (see Theme 9). Overall, this distribution of risks and market pricing suggests that a more balanced mix of assets should probably replace the focus on cash that dominated portfolios in 2023 (see Theme 10), especially since each asset class offers protection against at least one key tail risk.

**Exhibit 1: Soft Landing—Inflation Has Fallen Sharply Across DM and EM, Now in the Vicinity of Targets**

G10: AU, CA, CH, GB, (DE, ES, FR, IT), JP, NO, NZ, SE and US. EM: BR, CL, CN, CO, CZ, HU, ID, IL, IN, KO, MY, MX, PE, PH, PO, RO, TH and ZA.

Source: Haver Analytics, Goldman Sachs Global Investment Research

**2. The Great Escape (From a Low-Yield Equilibrium)**

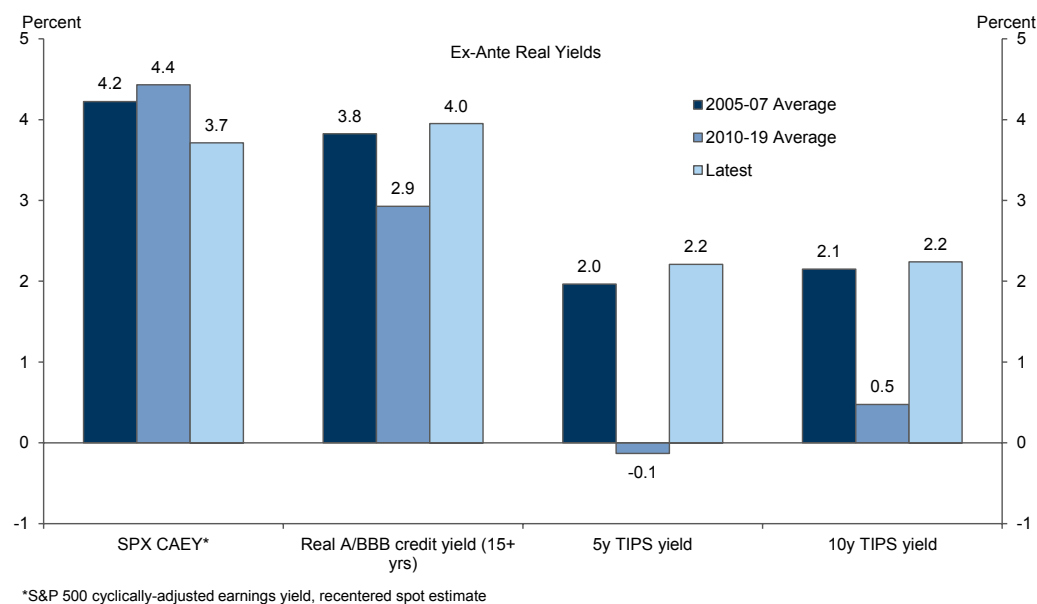
- COVID pandemic the last hurrah of what felt like an inexorable move towards lower yields and low inflation post-GFC.
- But the big picture is that we have escaped the liquidity trap, “low-flation,” and low yields.
- A more normal investing environment than the post-GFC period.
- Positive real yields across asset classes, as in the pre-GFC era.

The period following the onset of the global financial crisis (GFC) often felt like an inexorable move towards lower global yields and low inflation. Policy efforts proved insufficient to prevent a widespread landscape of zero (or negative) policy rates, below-target inflation and deeply negative real bond yields. “Liquidity traps” and “secular stagnation” were the decade’s buzzwords. For all the handwringing about post-COVID policy excesses and the re-emergence of inflation overshoots, that policy response has helped asset markets to escape from that world. And as that inflation overshoot (exacerbated by Russia’s invasion of Ukraine) fades globally, policy rates are firmly positive in most places, real yields have moved to pre-GFC levels along the curve and deflationary risks seem remote. Even in Japan, the first major economy to encounter the liquidity trap, inflation is firmly positive and policy rates may finally move off the floor.

The transition has been a bumpy one, but the upside of this “Great Escape” is that the investing environment in many respects now looks more normal compared with the post-GFC era. Real expected returns are now firmly positive across many assets. While that is most obvious for fixed income assets, even in equities, earnings yields are

generally not far from historical norms once pockets of high valuation—mega-cap tech companies in the US—are excluded. Last year, we highlighted the “return of yield” as the key theme in our markets outlook. With risk-free rates rising further in nominal and real terms, the yield outlook is one that investors could only dream of for most of the period since 2008 and should force more discipline into capital allocation decisions. Constructing portfolios to earn these higher yields with the right mix of exposures to tail risks and market asymmetries remains a central pillar of our investment outlook.

#### Exhibit 2: Real Yields on Core Assets Are Close to Pre-GFC 2005-07 Averages After the “Great Escape”



Source: Robert Shiller, Haver Analytics, Goldman Sachs Global Investment Research

### 3. Loosening the Inflation Constraint

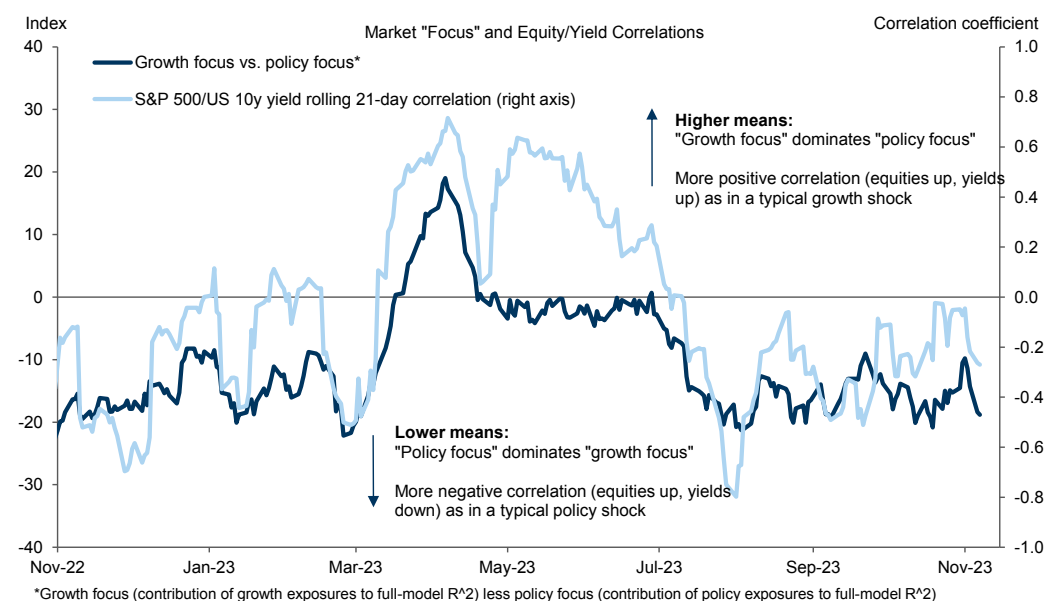
- Disinflation should continue to progress, even if bumpier in places.
- This opens the door for a friendlier Fed that is responsive to growth weakness.
- Scope for a weak “Fed Put” for markets, given room to cut.
- But inflation needs to allow it, and that may take time.

The decline in core and headline inflation in the second half of this year has been striking, and in many places across the DM (ex Japan) and EM (ex China) world, core and trimmed measures of inflation are now annualising in the vicinity of central banks’ inflation targets. We retain a high degree of confidence that disinflation will continue to progress, even if it is bumpier in places. Combined with the “Great Escape” (see Theme 2 above) and the consequent higher yield levels, a looser inflation constraint should mean that policy reaction functions become more symmetric as the year progresses. From an asset market standpoint, that is likely to prove a very important shift compared with the past couple of years, where policymakers have been mostly focused on inflation risks and the need to tame them. Even a modestly friendlier Fed should open the door for insurance cuts if we see downside growth shocks and bring a weak version of the “Fed Put” into play. And with rates starting off from a relatively high level, the

economy should prove responsive to those cuts even if we will likely stay some way off the lows of the last cycle.

We expect this theme to be more pertinent as we move deeper into the year. High inflation and the policymaker fight against it has been the dominant source of market volatility in the past couple of years. And while that is likely to fade, there are still likely to be some stings in the tail in coming months. After a summer of very low core inflation readings in the US of 0.2% mom, monthly inflation numbers are likely to print somewhat higher in coming months. Moreover, if the economy does not slow as we expect, the prospect of one or two additional Fed hikes could mean that we enter 2024 with monetary policy still a source of higher rate volatility rather than a driver of lower growth volatility. After the experience of 2022, policymakers may also respond more quickly and more hawkishly to commodity price shocks in the context of a strong labour market, even if they are caused by escalating geopolitical risks. Even without an escalation of those risks, a robust global economy is likely to highlight supply constraints in parts of the commodity complex, although there is at least some scope for a relaxation in the oil market where supply restraint is explicitly engineered. While the year ahead does hold out the prospect of a friendlier policy mix, when it turns and how friendly it becomes will depend on the degree and speed with which inflation actually slows.

**Exhibit 3: Greater Focus on Growth Risk Relative to Inflation Risk to Shift Equity/Yield Correlations in 2024**



Source: Goldman Sachs Global Investment Research

#### 4. US Exceptionalism—More on Growth than Inflation

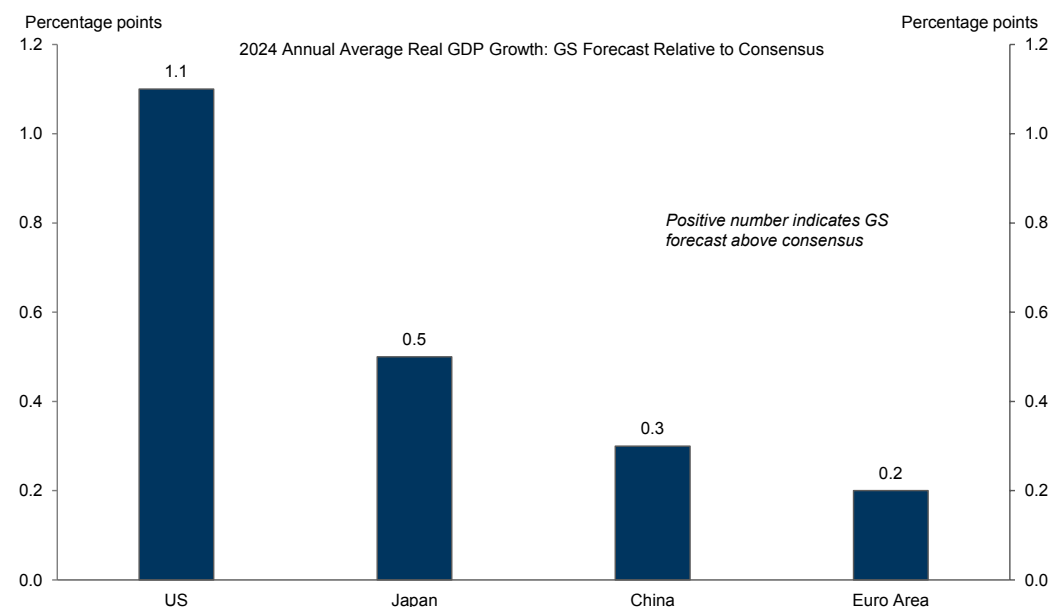
- A more globally convergent growth picture in the central scenario...
- ...but US growth resilience in the face of high rates looks to be a "surer thing" than elsewhere.
- China has not "escaped"; decoupling from Russian energy, China demand may have larger impact in Europe.

- Case for sustained USD weakness harder without more strength elsewhere.

Although the US has been at the front of the pack in terms of declining inflation across DM, we expect further declines in inflation across the major economies to be broad-based, taking inflation towards mandate-consistent territory. In that respect, we do not expect the US to be “exceptional.” We also expect a broad range of DM and EM economies, like the US, to avoid recession in the coming year. But on that front, the scope for at least some modest US outperformance looks stronger.

As has been evident for a few months already, US resilience in the face of higher rates is a “surer thing” than in some other economies (see Theme 5). In many respects it looks like the US is returning to the pre-GFC rate structure. With strong household balance sheets and solid real income growth, those rates are proving more manageable than expected. Japan is unique also in being the place where we expect policy rate hikes to begin rather than to end in 2024 and, like the US, it may be “escaping” to an earlier era. In other places, the risks seem larger. While we expect improving income dynamics to support a better Euro area growth profile in 2024, the economy there has continued to underperform this year, the impact of shocks to energy supply and from China may have a more lasting impact than expected, and worries about the ability to manage a higher rate structure, given this enduring weakness, are not confined to the periphery. China’s growth in 2024 should benefit from additional fiscal and monetary stimulus, but it is still struggling with the headwinds from the long property market deleveraging and demographic headwinds. Given prevailing negativity about China’s growth prospects, we could see some upside in local assets if growth surprises on the upside. But we think a sustained recovery probably depends on a larger shift in policy direction.

Although we think the gap between consensus forecasts and market pricing is wider than usual (see Theme 1), the fact that we are further above consensus for US GDP growth in 2024 probably does reflect more worries about downside growth risks outside the US. This backdrop mitigates the case for material USD weakness, as it has done through most of 2023. The end to the Fed rate hiking cycle and a benign global growth picture tend, all else equal, to weigh on the broad Dollar. But without better-than-expected performance in the other major economies of the kind we saw in late 2022 and early 2023, it is hard to have much confidence in those dynamics. Many of the risks we envisage to our central case also push towards more, rather than less, USD strength. US rate spreads to Europe and many other DM economies are also likely to stay wide, unless US growth underperforms our forecasts.

**Exhibit 4: Our 2024 GDP Growth Views Are Generally Above Consensus, But Much More So For the US**

Source: Bloomberg, Goldman Sachs Global Investment Research

**5. The Dark Side of “Higher for Longer”**

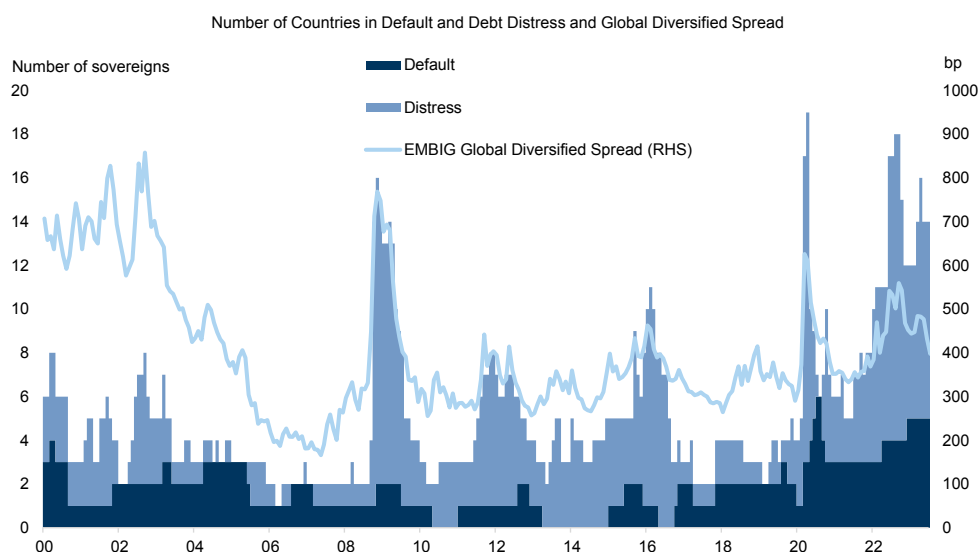
- Higher rates warranted cyclically in the US, but can the rest of the world take it?
- European sovereign fault-lines re-emerging; EM sovereign distress but limited to Frontier.
- Higher rates and strong Dollar complicate policy trade-offs for Japan, and China as well.
- Sectoral risks in US too, and fiscal concerns may intensify with election season.

Our forecasts for robust, trend-pace US growth with inflation gradually declining towards target suggest that an on-hold Fed but with rates that remain higher for longer is an appropriate policy stance. But as has been repeatedly evident over the past decade, what may be appropriate for the US may not be a stable equilibrium for the rest of the world. Higher long-term US rates are already exposing dormant faultlines across the world. At the most extreme end, it has caused a number of emerging market sovereigns to lose market access and forced them into default and/or debt distress. Another six months or a year of these high rates may cause more vulnerable sovereigns to lose market access. Likewise, in Europe, Italian sovereign spreads have started to widen out and questions around Italian debt sustainability at these high levels of yields are again entering the market discussion. Higher yields and continued Dollar strength also complicate the policy trade-offs facing policymakers in China and Japan. The more US yields rise, the harder it is to stem JPY weakness without a more decisive shift to tighter Japanese monetary policy. And in China (and some other parts of Asia), higher US rates make it increasingly tricky for policymakers to maintain currency stability against the USD while also supporting the economy with lower rates. Many of these concerns are already priced in markets, but they reflect important tensions within our

modal view and are likely to grow if US rates continue to push higher.

A period of “higher for longer” yields may expose areas of vulnerability in the US too, whether related to access to finance for smaller companies, continued pressure on some credit provision by small banks, or slowing mortgage, housing, and commercial real estate activity. While these issues bear watching, we do not expect them to spill over to unmanageable growth concerns for the broader economy. The public debt profile is also a growing area of concern, but we think markets are likely to be patient there unless next year’s US elections bring the possibility of fresh unfunded fiscal expansion. Even in the case of fiscal concerns in the US, we think the risk is that they cause as much or greater stress in global financial markets as in the US.

#### Exhibit 5: Higher for Longer US Rates Already Leading to More Stress for Weaker EM Sovereigns



Debt distress is defined as sovereigns with average USD bond spread above 900bp.

Source: Bloomberg, Cruces and Trebesch (2014), Asonuma and Trebesch (2020), Goldman Sachs Global Investment Research

## 6. Valuing Duration

- Higher yields improving the value in bonds...
- ...and forward rate and curve pricing less inverted, so less vulnerable now.
- A shift from inflation to growth shocks improves the correlation with equities and portfolio value of bonds.
- And, as demonstrated in March, bonds provide a (cheap) recession hedge.

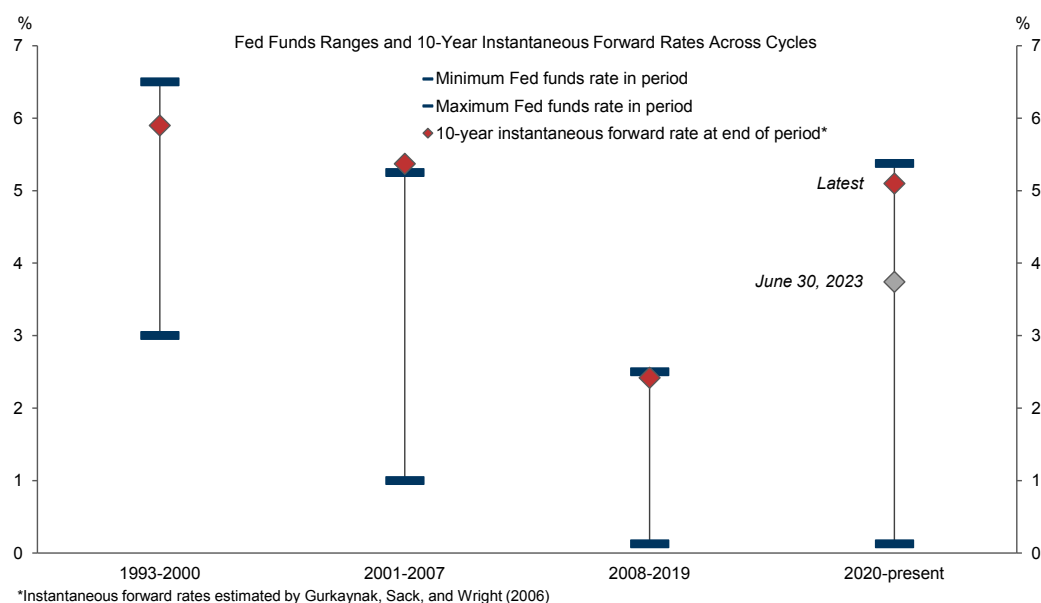
For the second year in a row, developed market government bonds are on course to deliver clear negative returns. The last three months have seen relentless upward pressure on longer-dated yields, adding to the losses on duration positions. On our forecasts, 2024 should see a return to at least modest positive returns, and we think the case for longer-dated bonds—and some duration risk—in portfolios has been improving. In part, this simply reflects the higher running yields available, which provide investors with a larger cushion. But it also reflects the price adjustments that have already taken



place. We thought that longer-dated forward yields were vulnerable to continued non-recessionary growth of the kind we have been forecasting all year. The depth of real yield curve inversion that we saw through much of the last year is unusual, and we have shown that those deeper forward rates usually price close to the peak of the recent funds rate range towards the end of the hiking cycle. After the recent sell-off, those anomalies have largely gone.

The value of bonds as a recession hedge has also been rising, both because a less inverted yield curve reduces the yield discount on adding duration, and because our forecast envisages the inflation constraint easing further. If downside growth risks come to dominate inflation risks, as we expect them to do, the value of bonds as a recession hedge should grow. Bonds rallied sharply in the wake of the March regional banking stresses, when inflation was much higher than now, and the Fed had just raised the prospect of larger hikes again, demonstrating their value as a portfolio hedge against growth and financial risks. There are still some upside risks to yields, particularly in the near term. The market is still pricing rate cuts that we think will not be delivered in our central case and a more resilient economy could see the Fed hike again, pushing the entire yield curve upwards. Longer-dated yields above the cash rate would make the case for adding duration simpler, so the market may need to reach that point before sustained buying emerges, particularly if worries about the fiscal outlook require a larger premium than we expect. But we think there is growing value to government bonds both in yield terms and for what they add to a portfolio. With growth risks arguably higher outside the US (Theme 4), Europe-US rates spreads may remain wide, so the stronger case for duration applies outside the US too.

**Exhibit 6: US Treasury Forward Rates Much More in Line With Past Cycles Than They Were Mid-Year**



Source: Haver Analytics, Goldman Sachs Global Investment Research

## 7. A Smaller Carry Cushion

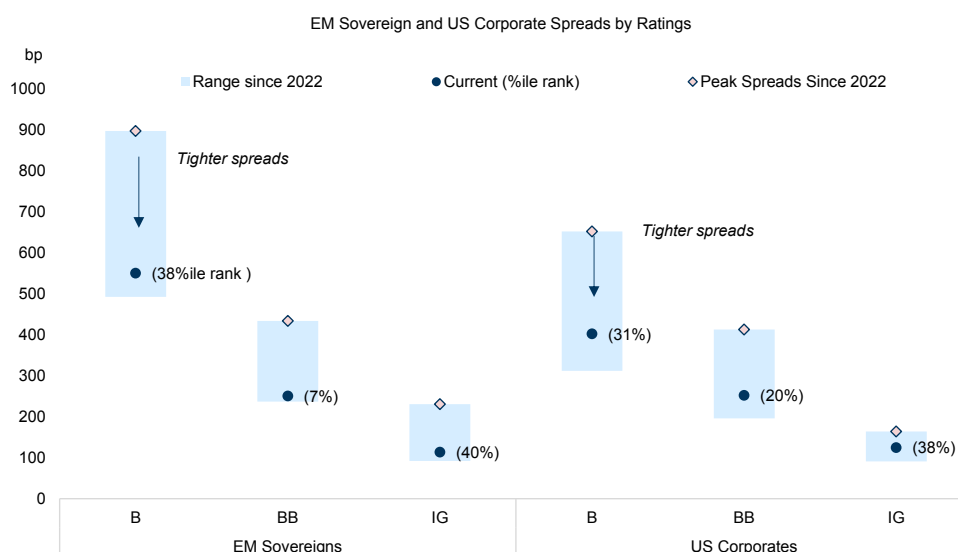
- Late-innings for carry: all-in yields are high, but spreads are tighter in carry assets.

- Combine carry in credit, EM, commodities with upside or downside tails.
- Modest spot upside for oil in modal case, but exposure to geopolitical escalation or supply disruption.
- CNH downside, MXN upside provide good carry and sensitivity to stronger US exceptionalism tail.
- US rate volatility still too high and mortgages offer attractive carry.

It is harder than normal to envisage deep upside scenarios for asset classes under our modal macro view of resilient growth and higher for longer rates. Valuations are generally average at best with few assets pricing real recession risk at this point, and the upside from the delivery of non-recessionary Fed rate cuts is not likely to materialise until later in the year. That naturally turns the focus to strategies for earning carry over that period. However, the reality is that many of the usual carry-earning suspects are victims of their own success. Carry strategies have performed well in recent years across DM and EM credit and EM FX (versus G9 FX), to the point where neither the valuation nor spread buffers look particularly compelling, especially with the yields on offer in short-dated risk-free instruments.

So carry-earning strategies are likely to be most persuasive where the carry or spread also supports a directional view or helps span one of the tails of the distribution around the modal view. For example, while we expect only modest spot appreciation over 6-12 months, a long commodities position comes with decent carry and roll, but importantly also provides good exposure to the structural green transition in metals, and the tail events of supply disruptions and geopolitical escalation that would likely boost energy prices sharply. Likewise, the positive carry embedded in \$/MXN shorts or \$/CNY longs is less attractive from a level or valuation perspective than a year ago, although they still provide decent exposure to the tail where we see stronger US growth and inflation exceptionalism that also extends the US rate cycle. In that eventuality, Banxico is the central bank most likely to match the Fed (and more), and the pressure on the Chinese authorities to allow the CNY to weaken further is likely to build despite the real depreciation that has already taken place.

There are also pockets where carry and volatility pricing still looks quite elevated. The transition we expected to a lower US rate volatility regime has essentially been “deferred” by the shocks from the US regional banking turmoil and the pricing of “higher for longer” rates more recently. But we still think that US rate volatility is too high along the curve relative to our central case. In part because of that, the carry on mortgage-backed securities also continues to look very attractive.

**Exhibit 7: Tighter Spreads in US Corporate Credit and EM Sovereign Credit Limit Scope for Further Upside**

Source: Bloomberg, Goldman Sachs Global Investment Research

**8. Equities—Finding the Right Kind of “Yield”**

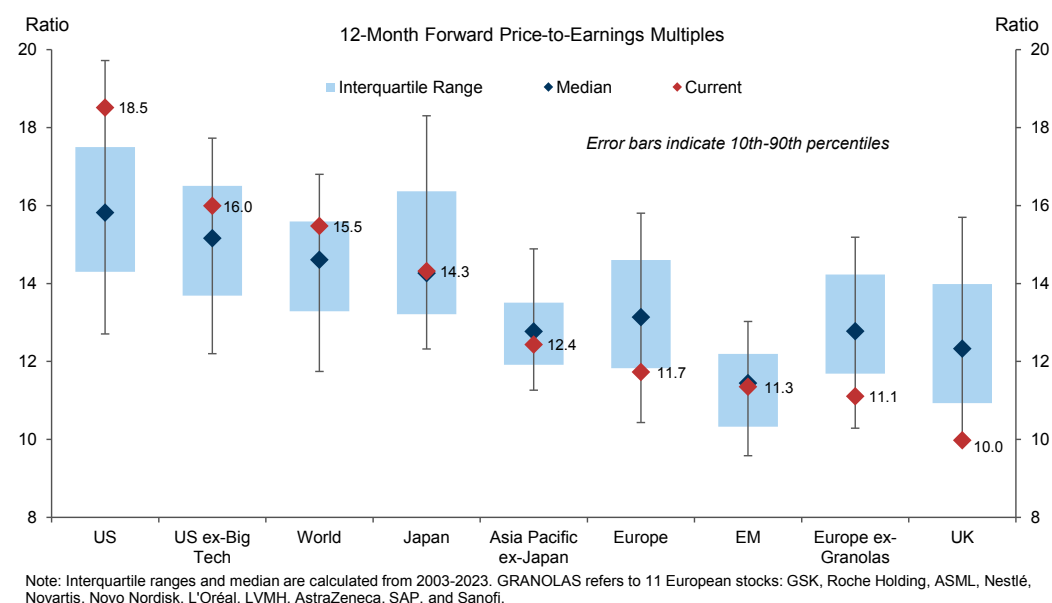
- Cash yields still a high hurdle, but falling inflation and anchored rates a better backdrop for stocks than this year.
- Outside US mega-caps, earnings yields look less stretched versus history and have improved.
- Undervalued cyclical companies may be rewarded if global growth picks up.
- In a higher for longer world, strong-balance-sheet and larger companies may continue to outperform.

When we looked forward into 2023 a year ago, we argued that, despite a non-recessionary US growth forecast, the upside in equities would likely be capped by the prospect of higher rates and above-average valuations and would find it difficult to compete with higher cash yields. Mid-year, that forecast looked too pessimistic given a broad equity rally. But at current levels, of the major assets only US equities have outperformed USD cash yields year-to-date. Even there, the outperformance has been driven almost entirely by the large tech and AI-exposed companies, with both the equal-weighted S&P 500 and smaller-cap companies definitively lower on the year. The story for 2024 has some of these same elements. Cash yields still represent a high(er) hurdle to beat and US equity valuations still represent a drag on the forward return profile. Those valuation constraints and the risk that stronger-than-expected growth would ultimately lead to higher rates still place limits on the likely upside from equities. But in some respects, the story looks a bit more positive than it was a year ago. Our macro forecasts for stable unemployment rates, anchored yields and falling core inflation are a somewhat larger tailwind for equities than they were last year. We also find it easier to define an upside tail for equities if the supply side of the economy is

more positive than expected and if lower inflation allows non-recessionary easing by the Fed or others, or if the AI theme gathers further traction. And we continue to think the shift to a more normal macro environment in Japan provides a tailwind for equities there.

The valuation picture is a bit more nuanced too. Equities do offer more attractive “yields” in some areas and under some conditions. First, outside US mega-caps, “earnings yields” look less stretched versus history and in many places valuations have improved relative to last year. Second, for mega-cap tech, 5-year forward earnings yields also look quite reasonable versus forward real bond returns if the expected growth profiles can be delivered. Third, parts of the cyclical universe, including energy, offer attractive earnings yields if we are right that the growth profile for each area holds up, since they are implicitly discounting significant declines in earnings going forward. Fourth, dispersion is likely to remain high and focus on company “alpha” may continue to be rewarded. It is probably hard for all these arguments to be true simultaneously. Aggregation constraints mean that higher expected growth in the largest US companies may come at the expense of others, implying that their valuations *should* be lower. We think that in a “higher for longer” world, strong balance sheet companies and larger companies probably still have scope to extend their outperformance on average. This leaves us favouring a barbell with some exposure to the US mega-caps alongside exposure to some of the more beaten-down cyclical areas.

#### Exhibit 8: Outside US Tech, Equity Valuations Not Unusually High Relative to History



Source: FactSet, Goldman Sachs Global Investment Research

### 9. EM—The Limits of Narrow Outperformance

- Striking resilience/outperformance in pockets given shocks from US rates/slower China.
- But, as a result, now reaching valuation constraints.
- Still selective relative value opportunities, idiosyncratic situations.

- Non-recessionary Fed easing (combined with better China) opens up broader upside.

Emerging market assets have been charting a narrow course between two major impediments over the course of the past couple of years—higher US rates and slower China growth. That narrow course has yielded some remarkable outperformance in pockets. EM equities ex China have performed relatively strongly even as Chinese equities have languished; EM currencies have outperformed the rest of G9 for a couple of years now even though the Dollar has been a hard bar to beat; and EM local rate spreads relative to the US are at their tightest levels in years, reflecting the outperformance of EM rates, particularly in the first half of the year.

The challenge from here is that having squeezed out such significant performance from these narrow sleeves of the asset class, valuations in those areas no longer look as compelling. EM currencies now appear largely fairly valued on a trade-weighted basis, even though they (and their G9 peers) still screen as undervalued versus the Dollar. While the disinflation process across major EMs is ongoing, it is increasingly difficult to make a broad valuation-based case for EM local rates on a relative basis versus the US. Likewise, the resilience of EM sovereign spreads means that it is hard to make a valuation case outside of distressed credits. And the cheapening of EM stocks is mainly a feature of the Chinese market, which continues to face macro and investment challenges. Of course, the wide breadth of the EM asset class means that it is still possible to find pockets of value (the Brazilian Real, local rates in Mexico, South Korea and South Africa stocks) or generate alpha through idiosyncratic stories (Turkey) and within distressed credits, and to navigate away from US rate and China growth risks. But the path to broad-based EM asset performance from here is likely to rely either on a convincing cyclical pick-up in China or a non-recessionary easing in US rates. That point may come, but only later in 2024 on our modal forecasts.

**Exhibit 9: Sustained EM Outperformance in Pockets, But May Be More Limits Ahead**

Source: FactSet, Goldman Sachs Global Investment Research

**10. Balancing Portfolios**

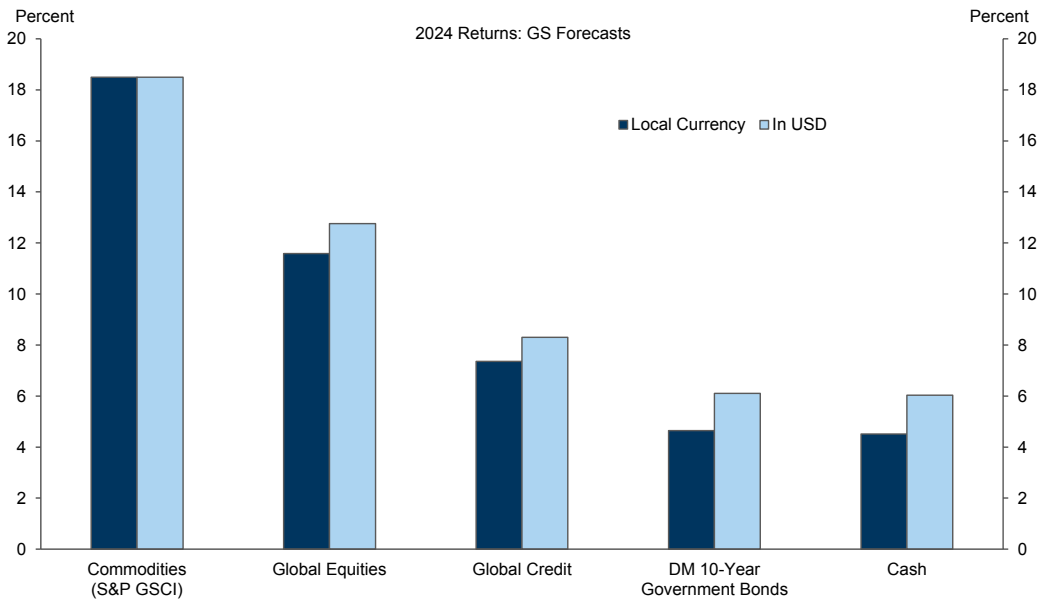
- Keep the faith: best opportunities for our modal view when market doubts the resilient growth with disinflation narrative.
- Major asset classes each cover a tail: non-recessionary Fed cuts earlier in the year could open up meaningful upside across risk assets such as equities and EM...
- ...while rates offer less punitive ways to hedge recession risk, and disruption risk makes commodities appealing.
- Stronger case for having balanced exposure across assets, not just cash.

Although the macro environment still presents significant challenges, the good news is that the aftermath of the “Great Escape” leaves investors with more options than before given the return to more normal levels of yields. The balance between macro tailwinds and valuations may limit the return story in many riskier assets. With market pricing still quite close to our modal forecasts, the best opportunities in those assets may come from “keeping the faith” when markets doubt the narrative of non-recessionary growth and slowly moderating inflation. But even so, our forecasts envisage modest positive returns in our central case for bonds, credit, equities, and a bit more than that in commodities.

Each asset class offers protection against at least one key tail risk: bonds should perform more strongly if recession risks rise; risks of disruptions from geopolitics or constraints from stronger global growth mean that we see upside skew to oil prices; and equities and EM could outperform if the inflation environment eases more rapidly and central banks reverse some of their recent tightening more quickly than we expect. For those investors with higher recession probabilities than ours, a firmer skew towards duration—and away from risky assets—would make sense.

In 2023, cash represented a high hurdle for other assets to beat. While front-end yields still look very attractive, we think this profile means that a more balanced asset exposure should probably replace the focus on cash that dominated in 2023, including a greater role for duration in portfolios. The biggest risk that a shift towards more balanced allocations is premature still comes from the prospect that better growth, stickier inflation, and weak fiscal positions lead to continued upward pressure on yields and downward pressure on valuations.

Exhibit 10: We Expect Higher Returns on Non-Cash Assets than Cash in 2024



Source: Bloomberg, Datastream, Bloomberg-Barclays, ICE-BAML, iBoxx, Goldman Sachs Global Investment Research

# Disclosure Appendix

## Reg AC

We, Dominic Wilson, Kamakshya Trivedi, Vickie Chang and Victor Engel, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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