



The Big Picture: Markets and Macro Outlook

July 2024

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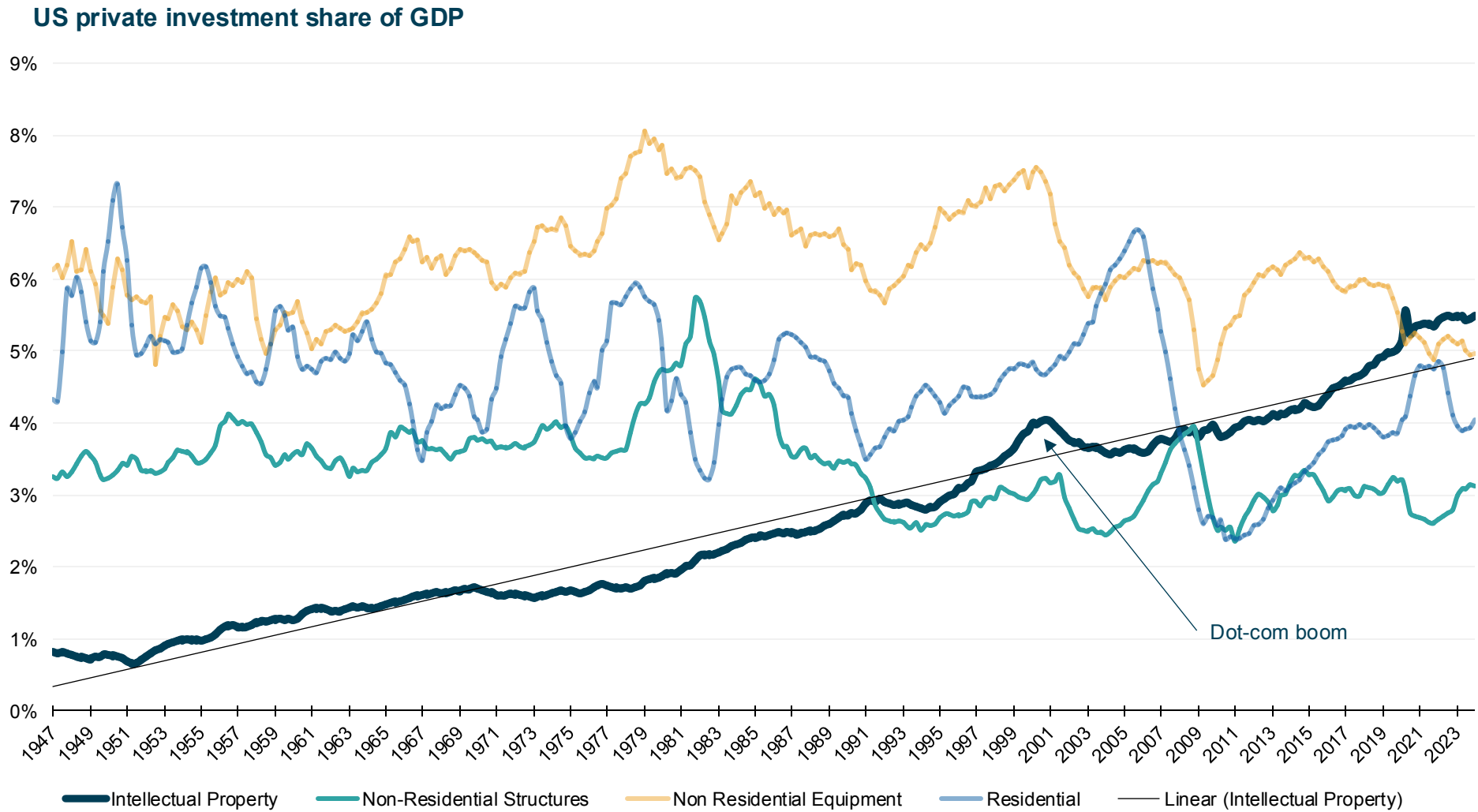
Link to the TMD: [IOF0045AU](#), [WHT0057AU](#), [IOF0203AU](#), [WHT3997AU](#)

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Unless otherwise specified, all amounts are in Australian Dollars (AUD). Options exposure represents the market downside. For put options (typically used to limit potential downside) delta-adjusted exposure is used and for call options (typically used to capture potential upside) exposure is calculated using the current option value.

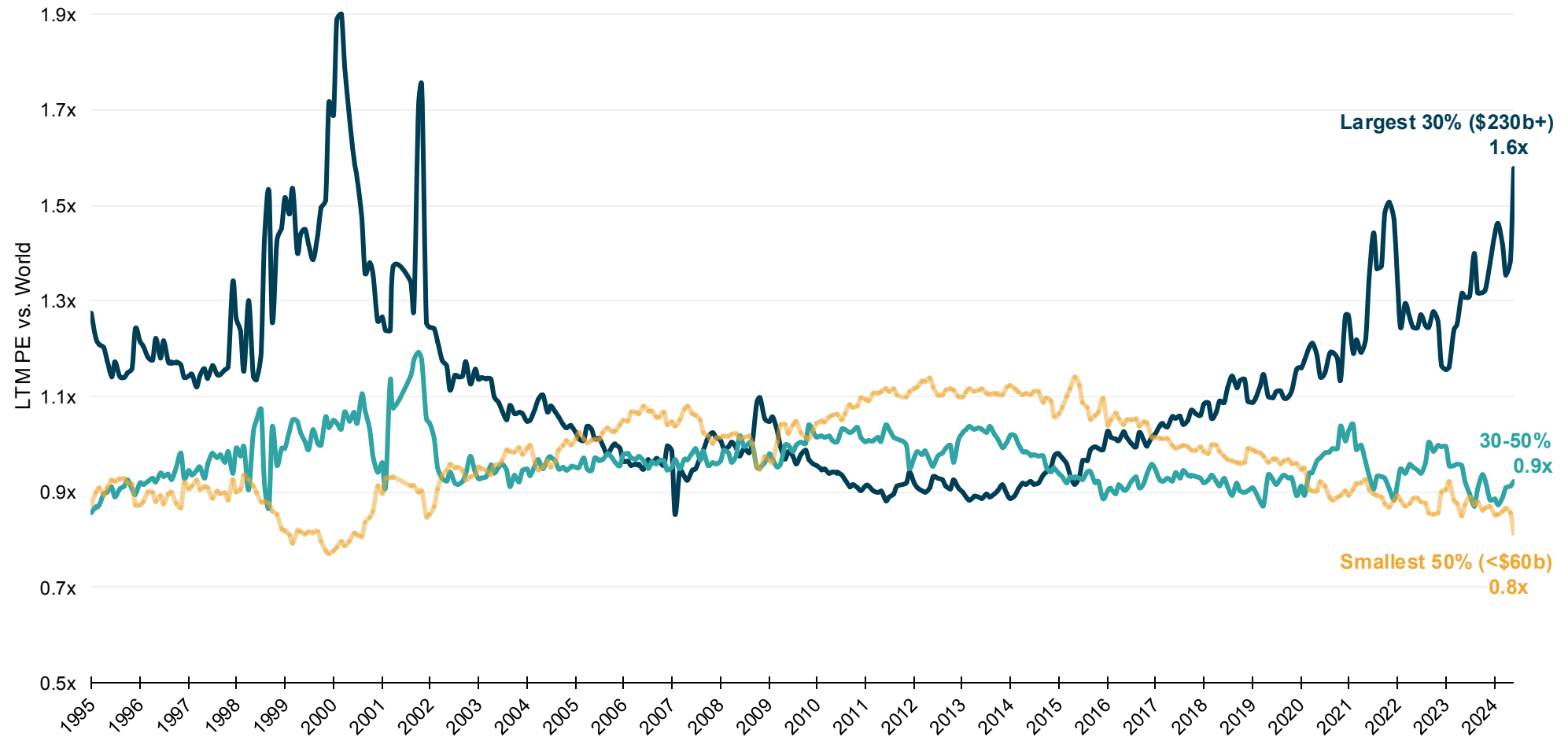
Software investment has accelerated above trend



Source: Antipodes, MacroBond

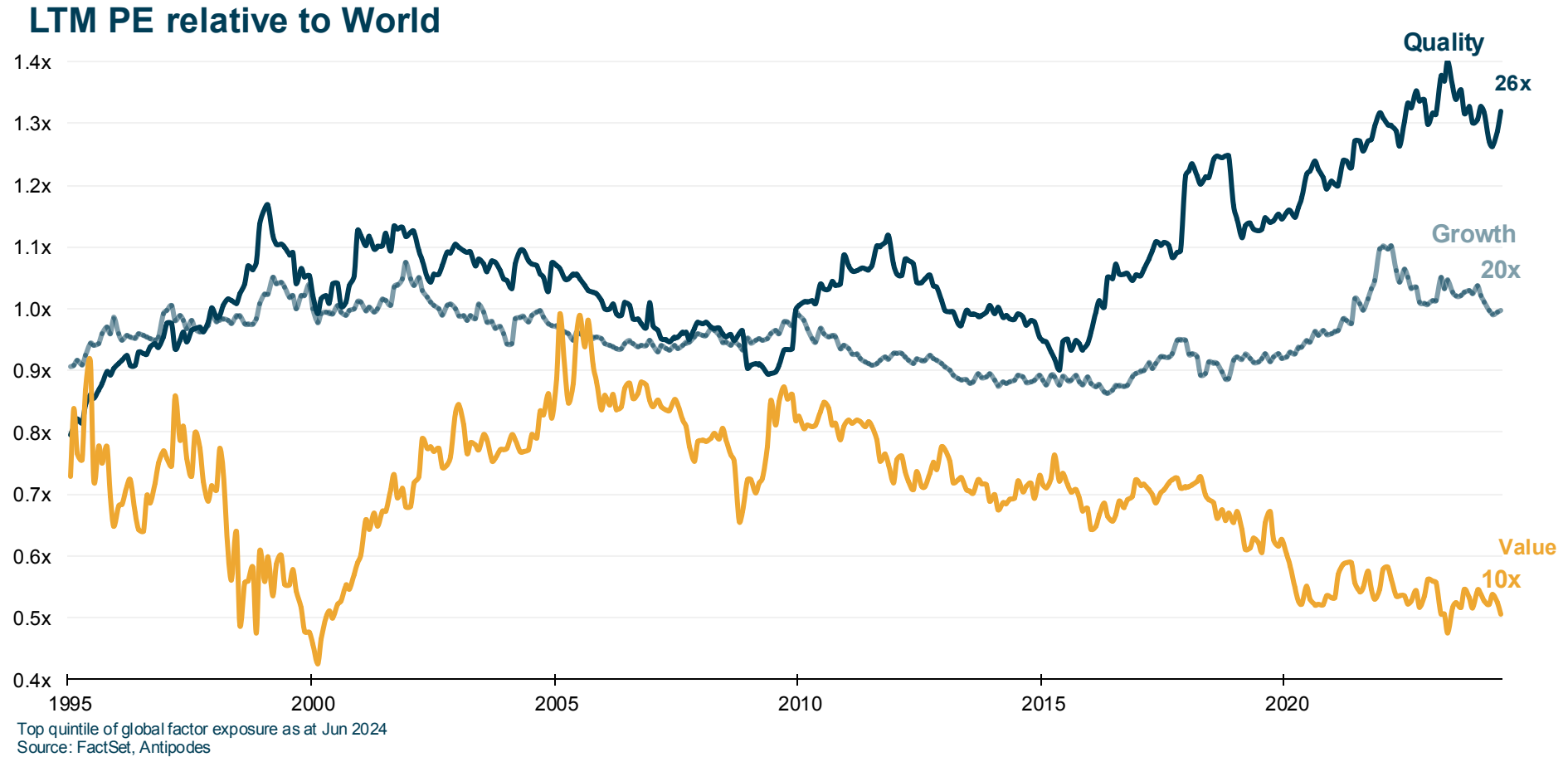
Which is driving the mega-cap premium ...

World PE by market capitalisation

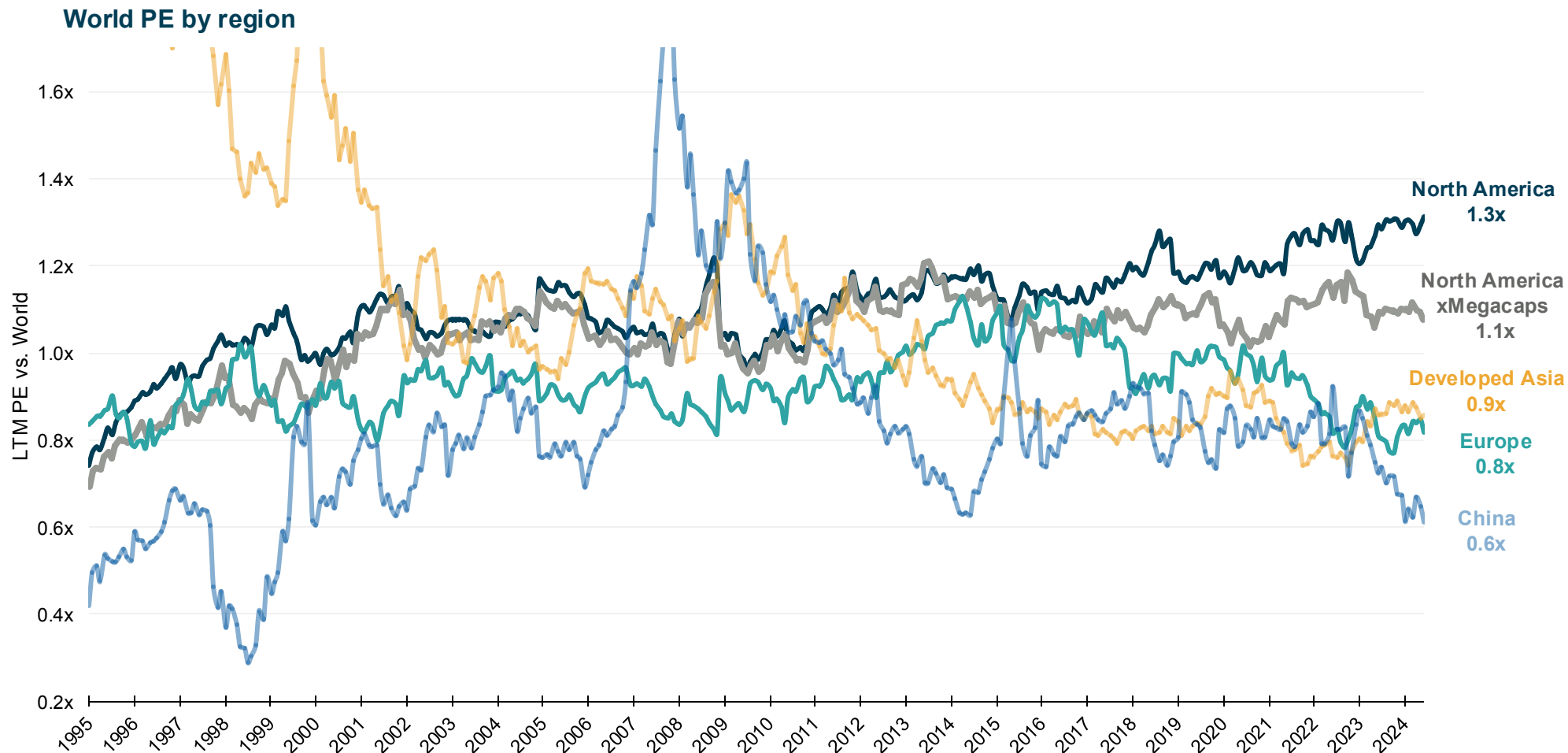


Source: FactSet, Antipodes

... and the Quality premium



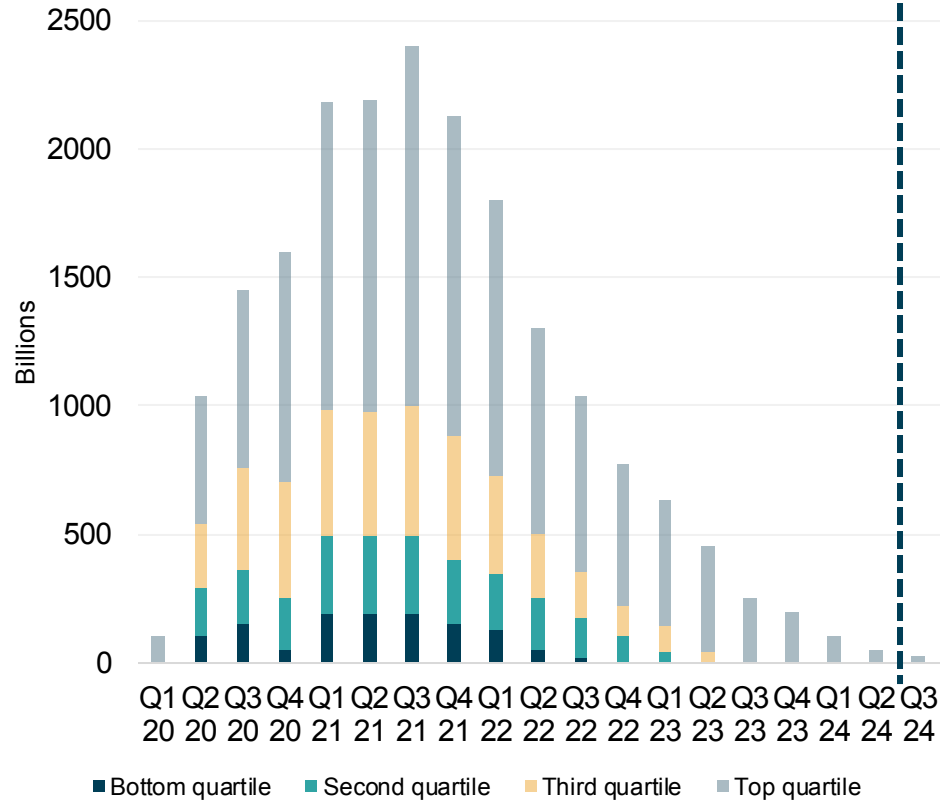
... and the US premium



Source: FactSet, Antipodes. Both charts using World benchmark that includes mega-caps

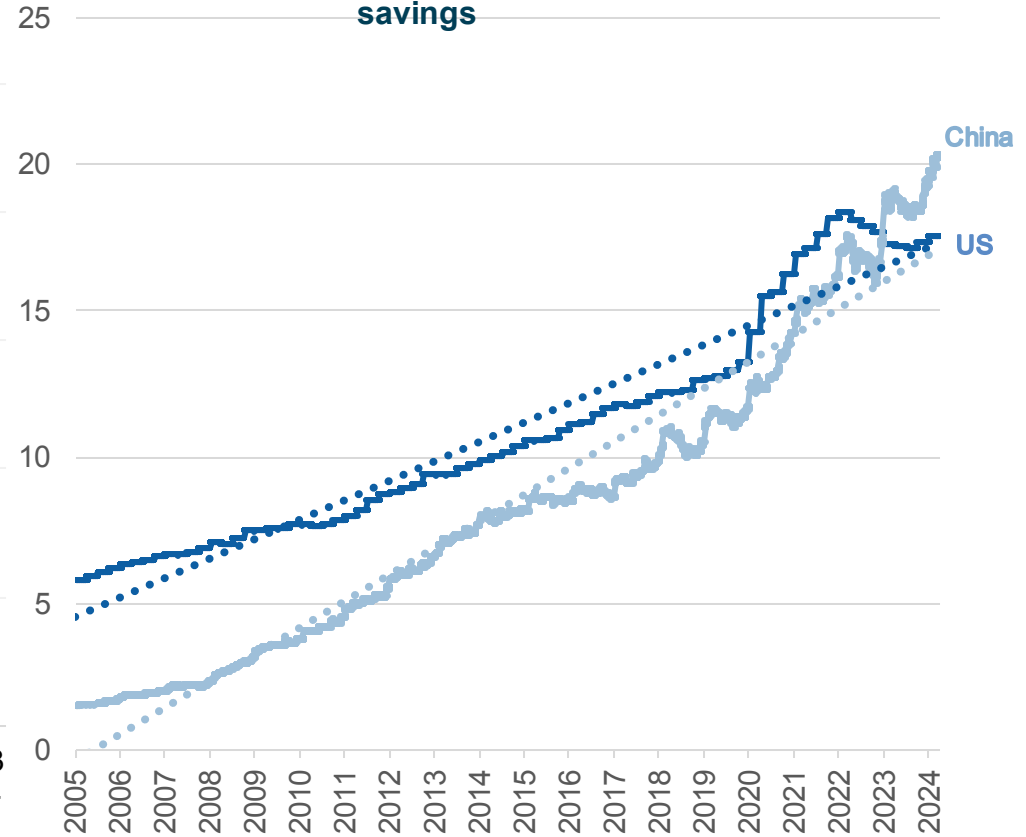
But US consumption is normalising, while China has plenty of dry powder

US households stock of excess savings exhausted*



Sources: Federal Reserve

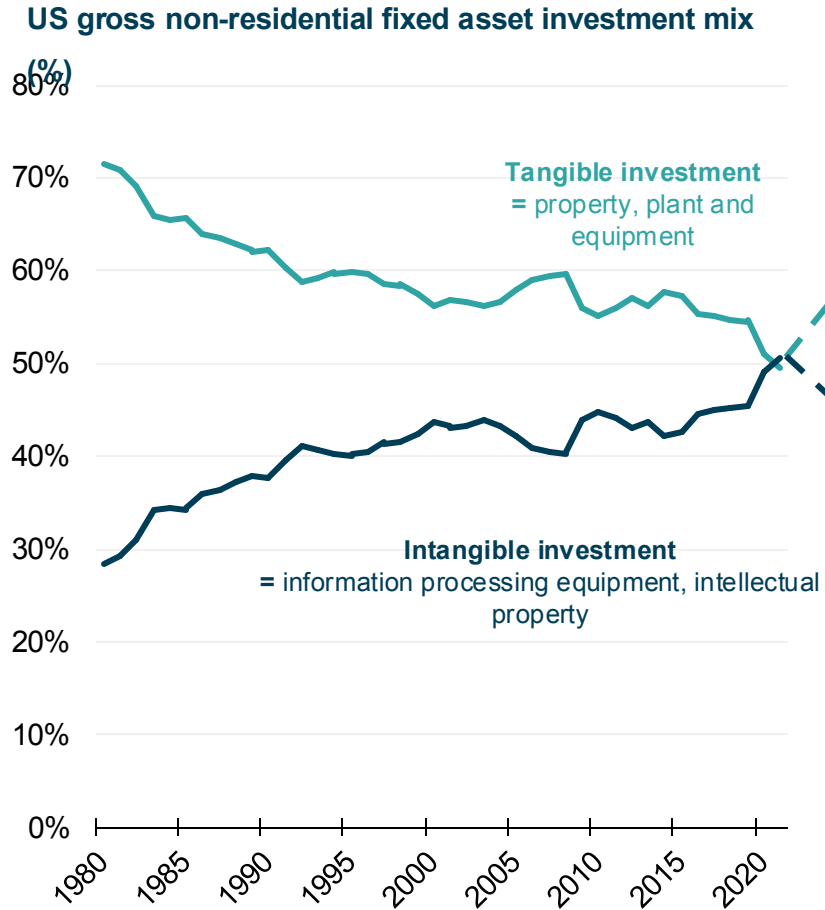
Chinese households have a bank of excess savings



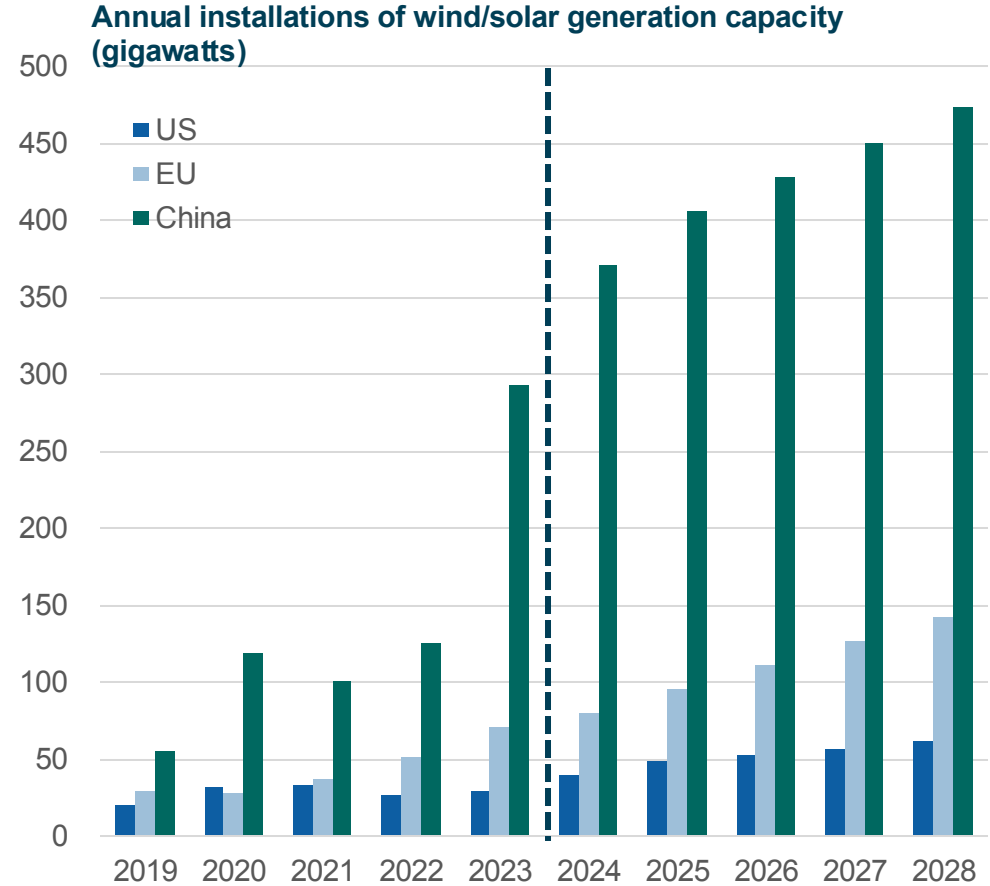
Sources: Macrobond, FDIC, Federal Reserve, PBOC
 United States, FDIC Insured Institutions, Commercial Banks & Saving Institutions, Aggregate Condition Data, Deposits, Domestic Office Deposits, USD Trn
 China, Balance Sheet & Flows of MFI Sector, Depository Corporations, Liabilities, Depository Corporations Survey, Money & Quasi Money, Quasi Money, Personal Deposits (Savings), USD Trn

Emerging signs of US consumer weakening

The tangible energy transition/onshoring investment cycle is underappreciated



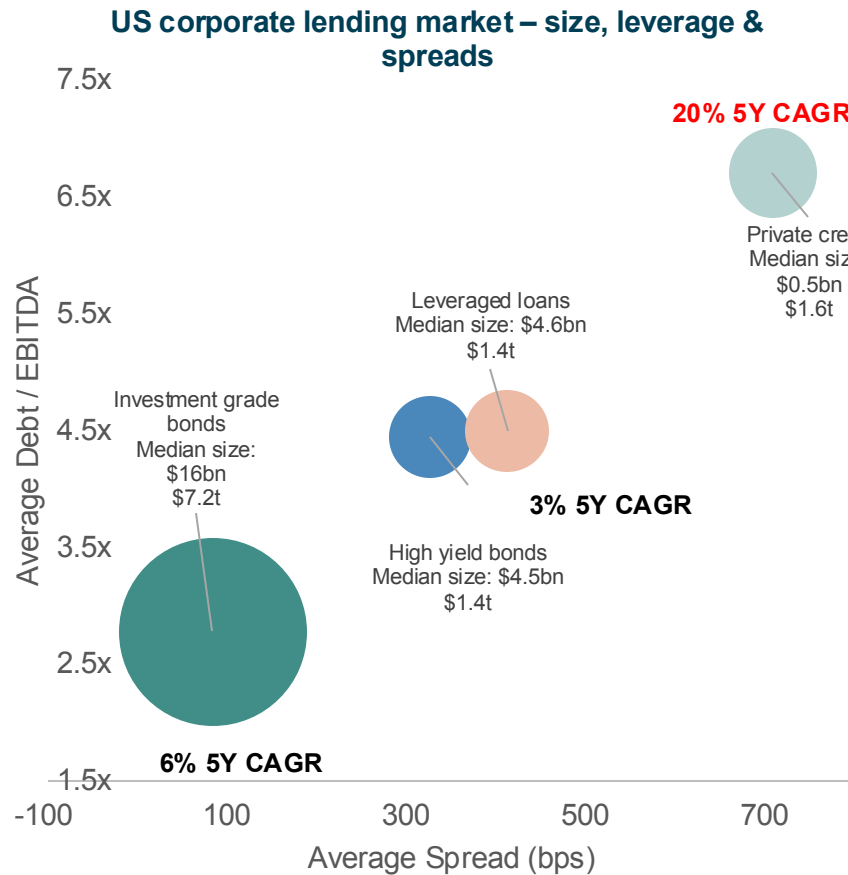
Source: US Bureau of Economic Analysis



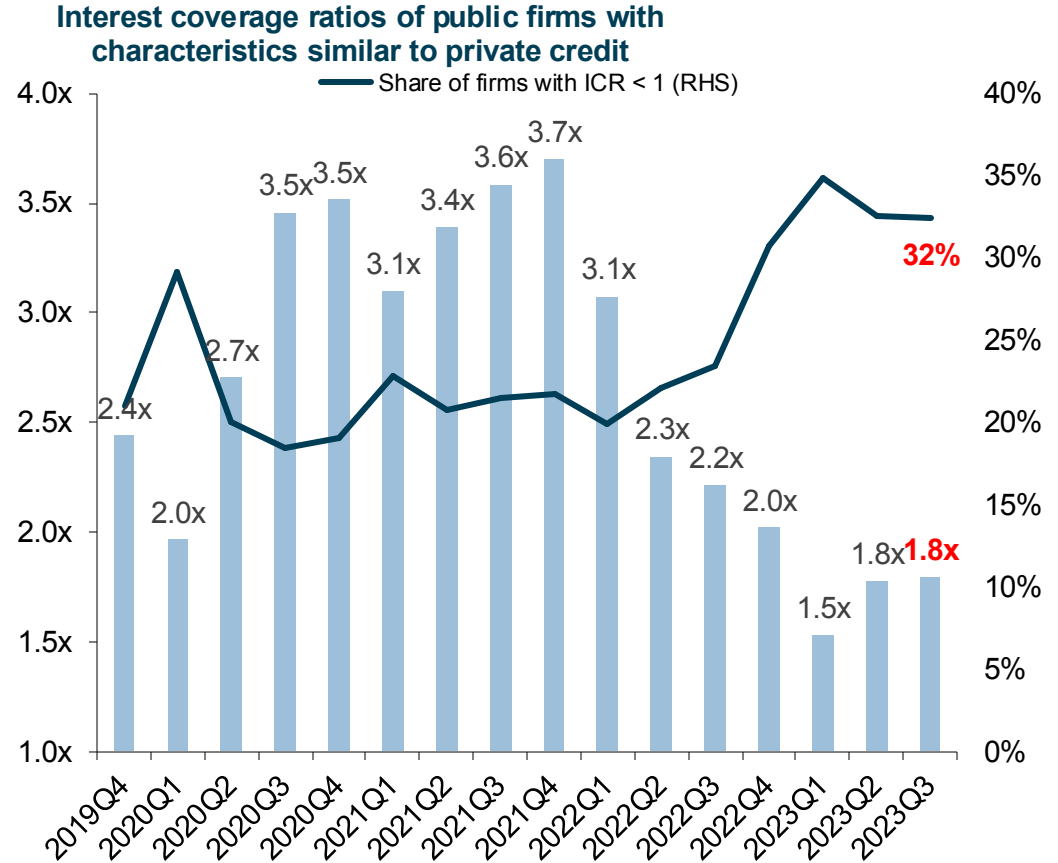
Source: China NBS, EIA, ENTSO-E, Antipodes forecasts

China is leading the world in the energy transition

Private Credit has grown rapidly, and high leverage is exacerbated by higher rates



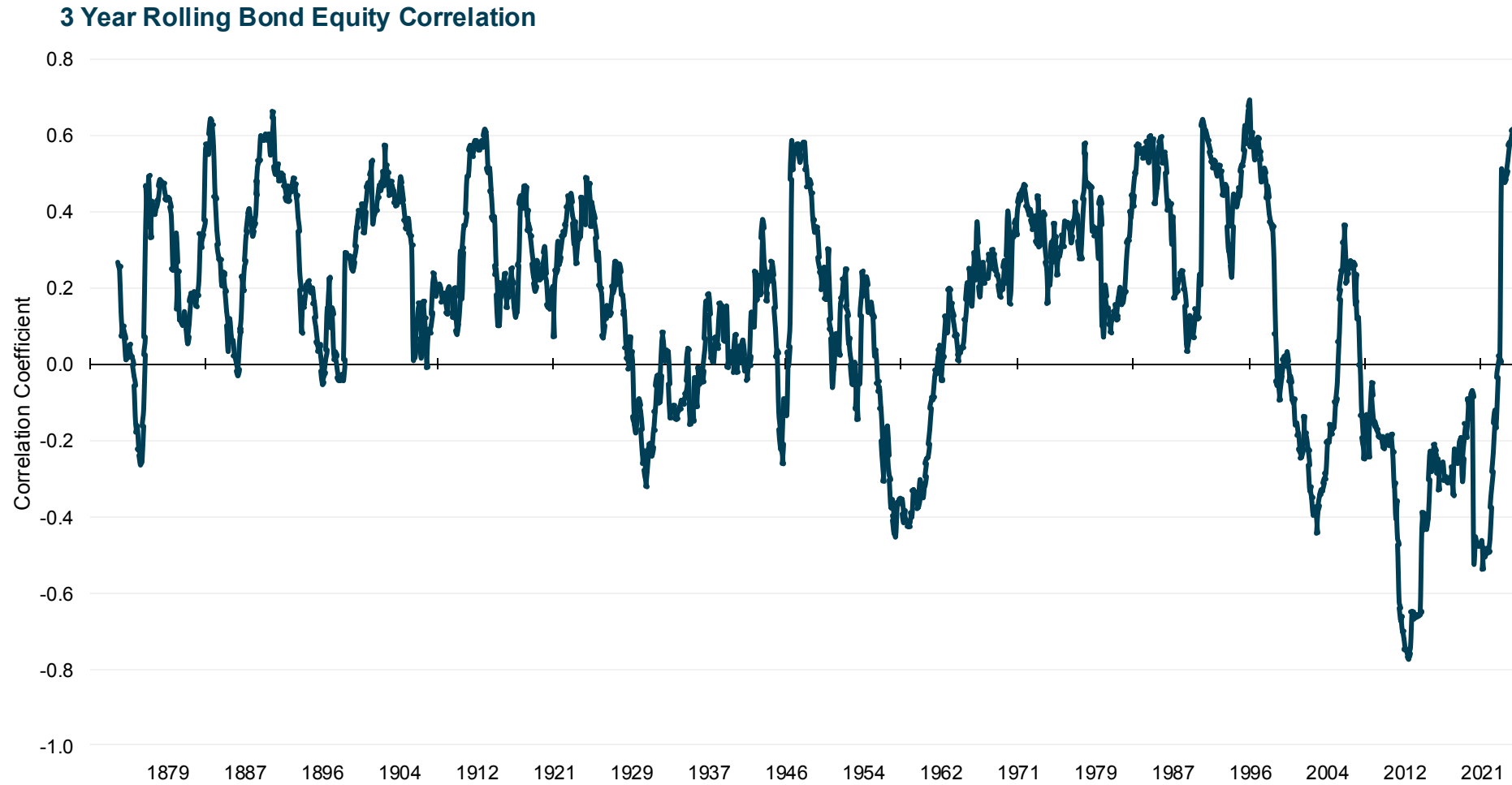
Sources: Deutsche Bank, Bloomberg Finance LP, LCD / Pitchbook, S&P CapIQ Pro, Prequin, Antipodes Calculations



Source: IMF Financial Stability Report April 2024.

Companies with highly leveraged structures comprise over 20% of the US employment

It's difficult to find the defensive exposure




Source: Robert Shiller


Bonds have become more volatile and correlated with equities

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