# KKR Releases 2024 Global Macro Outlook

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*Henry McVey: Investors Should Approach Markets with a 'Glass Half Full' Lens*

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released its 2024 Global Macro Outlook by Henry McVey, CIO of KKR's Balance Sheet and Head of Global Macro and Asset Allocation (GMAA).

In "Glass Half Full," McVey and his team maintain a constructive tilt on the investing landscape for 2024, despite ever-present geopolitical and macroeconomic headwinds. They note that there is still a significant amount of dispersion within and across asset classes that long-term investors can harness to create substantial value. They also note that, while they continue to believe that inflation will remain higher for longer, they expect a temporary disinflationary impulse in the first six months of 2024, which could create opportunities for short-term investors to lean into fixed income instruments.

The following key tailwinds underpin the GMAA team's continued constructive view in 2024:

- Central Bank balance sheets, which are still near record levels, are creating a cushion that is helping support asset prices, especially during periods of market stress.
- We still believe the bear market in Equities ended in October 2022. Returns tend to be above average after a 25% decline in the S&P 500 for the next five to seven years.
- We think earnings for this cycle bottomed in Q2 2023, despite our forecast for significantly slower nominal GDP in 2024.
- The technical bid for parts of Credit and Equities remains compelling, as new issuance remains near record lows.
- We believe central banks are closer to ending their tightening campaigns, which should help narrow spreads on cost of capital for deal activity.

Against this backdrop, McVey and his team identify the following key mega-themes that can serve as compelling investment opportunities and hedges in both disinflationary and reflationary environments.

- **Industrial Automation** – We are seeing the emergence of an industrial automation cycle, as companies search for new ways to drive productivity and efficiency in a world where demographics and cross-border connectivity are becoming increasingly challenged.
- **Security of Everything** – We are still very bullish on this theme as regulators and executives around the world continue to prioritize the resiliency of key inputs such as energy, data, transportation, and pharmaceuticals. We also expect governments to spend more on the intersection of climate and supply chains, and on cybersecurity, especially in the financial services industry.
- **Intra-Asia Connectivity** – Asia is becoming more Asia-centric as more trade occurs within the region, a trend that we believe is now accelerating. We also see more countries in the region participating in and benefiting from Asia's global growth engine.
- **Labor Productivity/Work Force Development** – We continue to see labor shortages accelerating the trend towards automation and companies focusing more on technology-driven productivity gains, especially in fields like retail, leisure and hospitality, and health care. We are also bullish on worker retraining to help employee skills better match employer demand.
- **Artificial Intelligence** – We think some of the most compelling opportunities in AI are in the buildout of the physical infrastructure that is needed for Generative AI to scale and reach its full potential. This includes data centers, semiconductor manufacturing, power transmission, and distribution, among other areas.
- **Decarbonization** – We are particularly bullish on brown-to-green transition across existing corporate and government platforms. These are large scale opportunities that will allow big sectors of the global economy to become more energy efficient.

In addition to the aforementioned insights and themes, the report details the GMAA team's updated views on growth, interest rates, commodities, currencies, and asset allocation.

Links to access this report in full as well as an archive of Henry McVey's previous publications follow:

- To read the latest Insights, click here.
- For an archive of previous publications please visit www.KKRInsights.com.

**About Henry McVey**

Henry H. McVey joined KKR in 2011 and is Head of the Global Macro, Balance Sheet and Risk team. Mr. McVey also serves as Chief Investment Officer for the Firm's Balance Sheet, oversees Firmwide Market Risk at KKR, and co-heads KKR's Strategic Partnership Initiative. As part of these roles, he sits on the Firm's Global Operating Committee and the Risk & Operations Committee. Prior to joining KKR, Mr. McVey was a Managing Director, Lead Portfolio Manager and Head of Global Macro and Asset Allocation at Morgan Stanley Investment Management (MSIM). Learn more about Mr. McVey here.

**About KKR**

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