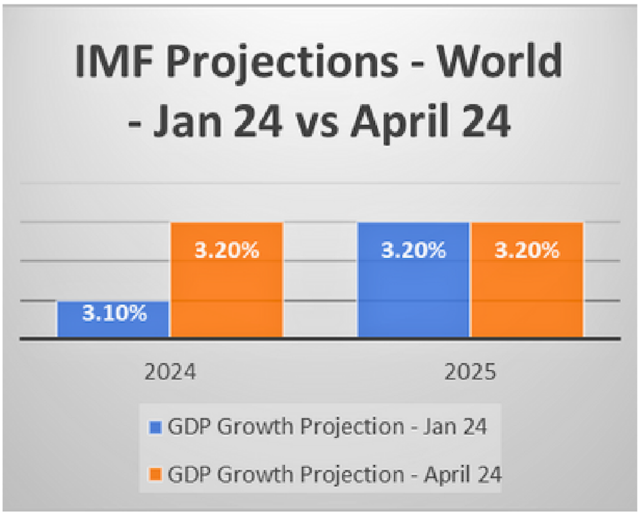
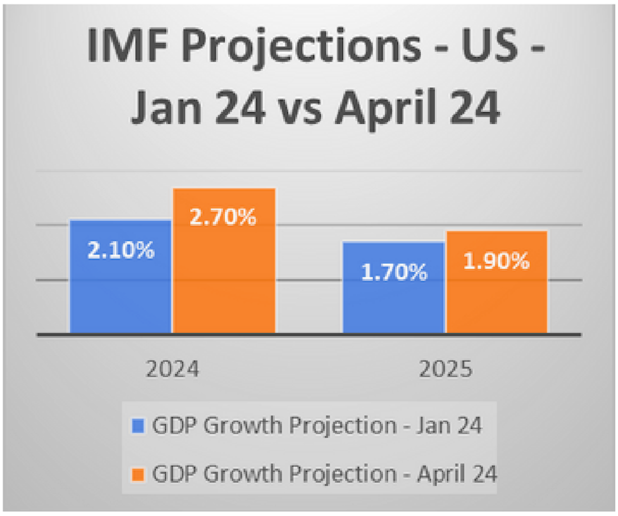
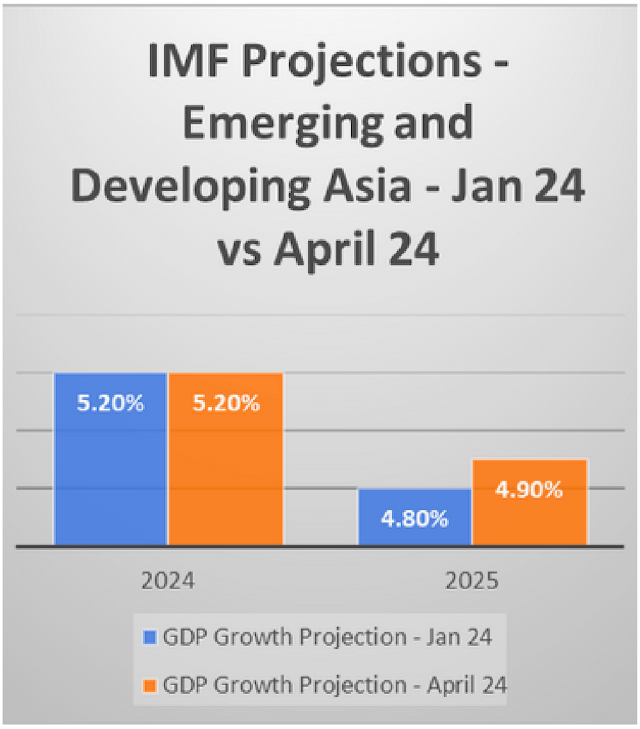
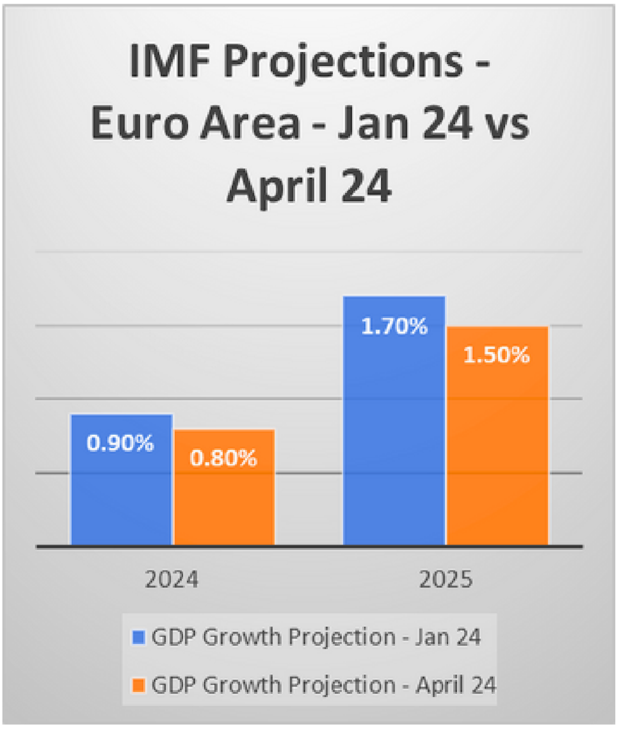
## A Focus on IMF Global Projections and the beginning of Q1 earnings season

This week the International Monetary Fund (IMF) released their April update, coming off the back of their January outlook. The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability. In the update, the monetary fund increased their projections for global growth in 2024, forecasting a World GDP growth projection of 3.2%, up from 3.1% in January. The big story however was the updated forecast for the United States, with GDP growth for 2024 now expected to be 2.7%, up from its previous projection of 2.1% in January. The rise in forecasted growth was attributed to the strong retail sales figures seen in Q1, along with the resilient labour market, which in March saw the pivotal nonfarm payrolls increase by 303,000. Elsewhere, the IMF downgraded its growth forecast for the Euro Area for 2024 and 2025, and increased its growth forecast for emerging and developing Asia in 2025.



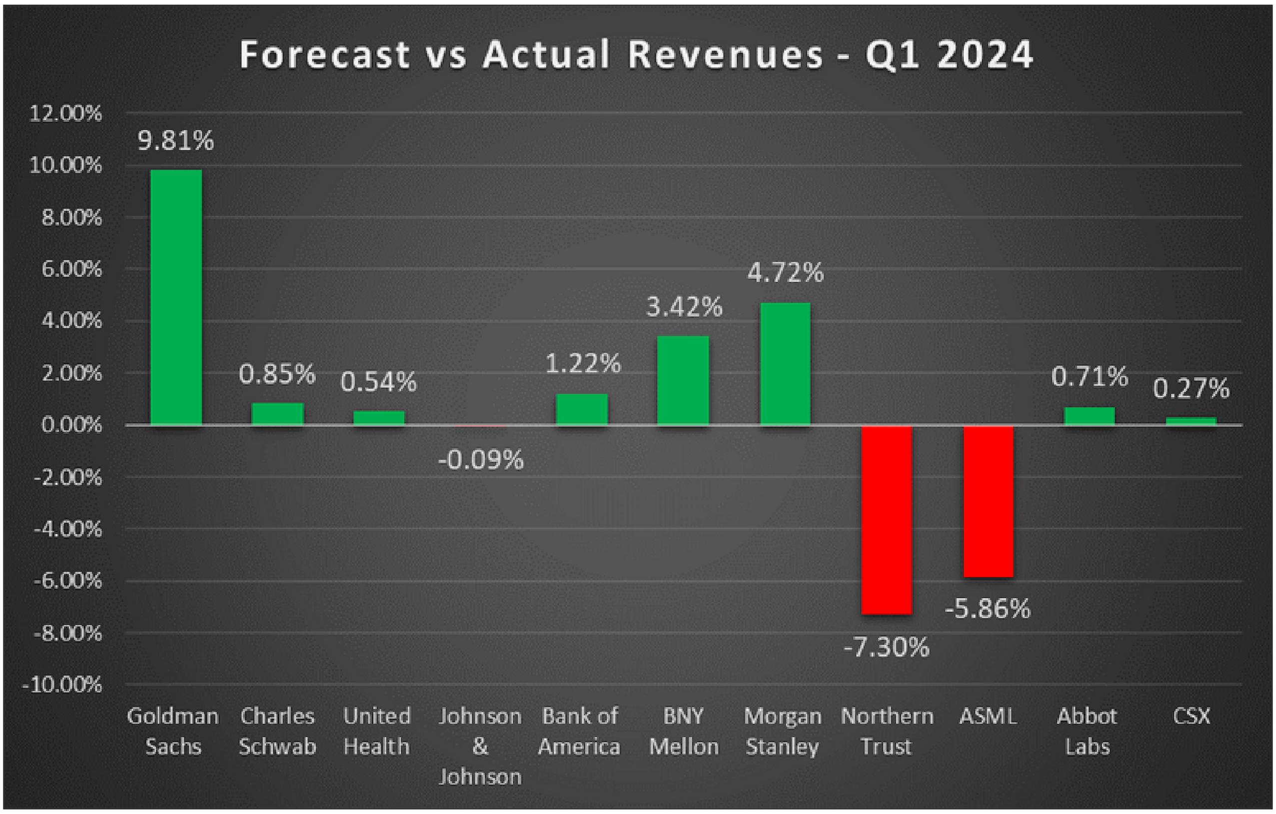




*Source: IMF Data April 2024 Seaspray Private*

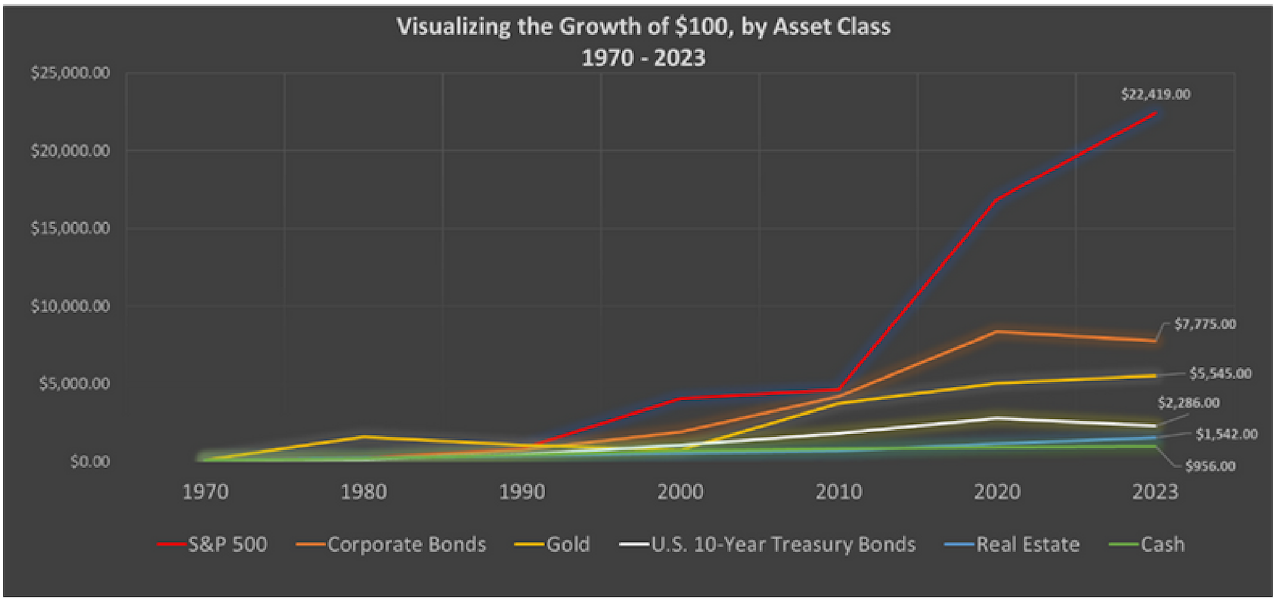
This week we also saw the beginning of Q1 earnings season, which will have a major impact on the US and European economies as we approach the summer months. It was a predominantly financial week for earnings, with Goldman Sachs, Morgan Stanley, BNY Mellon, Charles Schwab and Northern Trust all releasing figures. Goldman Sachs were the standout, beating revenue forecasts by almost 10%, with actual revenues for Q1 2024 coming in at $14.21bn. This was due to positive performances from its trading business, which recorded net income of $4.1bn in Q1 2024, almost $1bn ahead of analysts' expectations. Morgan Stanley and Bank of America also beat expectations, by 4.72% and 1.22% respectively. Northern Trust was the outlier, with actual earnings coming in at 7.3% lower than estimated.




*Source: Seaspray Private*

Elsewhere, ASML missed earnings estimates by 5.86%, however it is important to note that while the revenues were disappointing, the company's chief executive stated that 2024 would be a transition year for the company and that the semiconductor industry would recover in the second half of the year. Finally, in the healthcare industry, United Health, the largest healthcare company in the world saw actual revenues slightly beat forecasts, up 0.54%, with overall revenues climbing to $99.8bn for the Q1 2024.

In our final chart, we compare the relative value of equities to other assets classes by highlighting the growth of $100 from 1970 to 2023. As we can see, investing $100 in the S&P 500 would have been worth $22,419 by the end of 2023. In comparison, investing in corporate bonds would have yielded a return of $7,775, while a $100 in US 10 year treasury yields would have been worth $2,286 in 2023. Finally, if one had simple left their $100 in cash from 1970 to the present day, it would be worth $956.




*Source: Seaspray Private*