



November 3, 2024: Bridgewater - Navigating Economic and Market Limits

Major turning points in the economy and in the markets

KEY POINTS

- **Central Bank flexibility:** With inflation easing, the Fed has more room to support growth, benefiting asset performance
- **Geopolitical and fiscal challenges:** The US faces fewer constraints compared to Japan and China
- **Market limits and productivity:** High US asset prices demand productivity gains, especially from AI, to justify further appreciation



Source: Bridgewater

SUMMARY

In this week's Vantage Weekly, we dive into Bridgewater's recent assessment of economic and market limits and how policymakers are attempting to steer through them.

The report underscores that, while easing inflation has granted more freedom to central banks, there remain significant constraints, particularly in the US, as policy efforts encounter structural and pricing challenges.

OUR VANTAGE POINT

At Vantage Capital, we see value in Bridgewater's perspective on balancing growth and risk within the current macro environment. With central banks now easing policies, we believe this phase of the cycle favors high-quality equities and select alternative assets, particularly in markets that benefit from proactive fiscal and monetary policies.

We emphasize the importance of diversification to navigate these limits effectively. With the technological advancements (AI) impacting future productivity, we're closely monitoring policy shifts and key data to make informed decisions.

OTHER REPORTS WE ARE WATCHING

- **Goldman Sachs:** Long-term return forecast for US equities, [available here](#)
- **Morgan Stanley:** All over but the shouting, [available here](#)

**WE'D LOVE TO HEAR FROM YOU,
REACH ONE OF OUR ANALYSTS**

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