

Chart of the Day

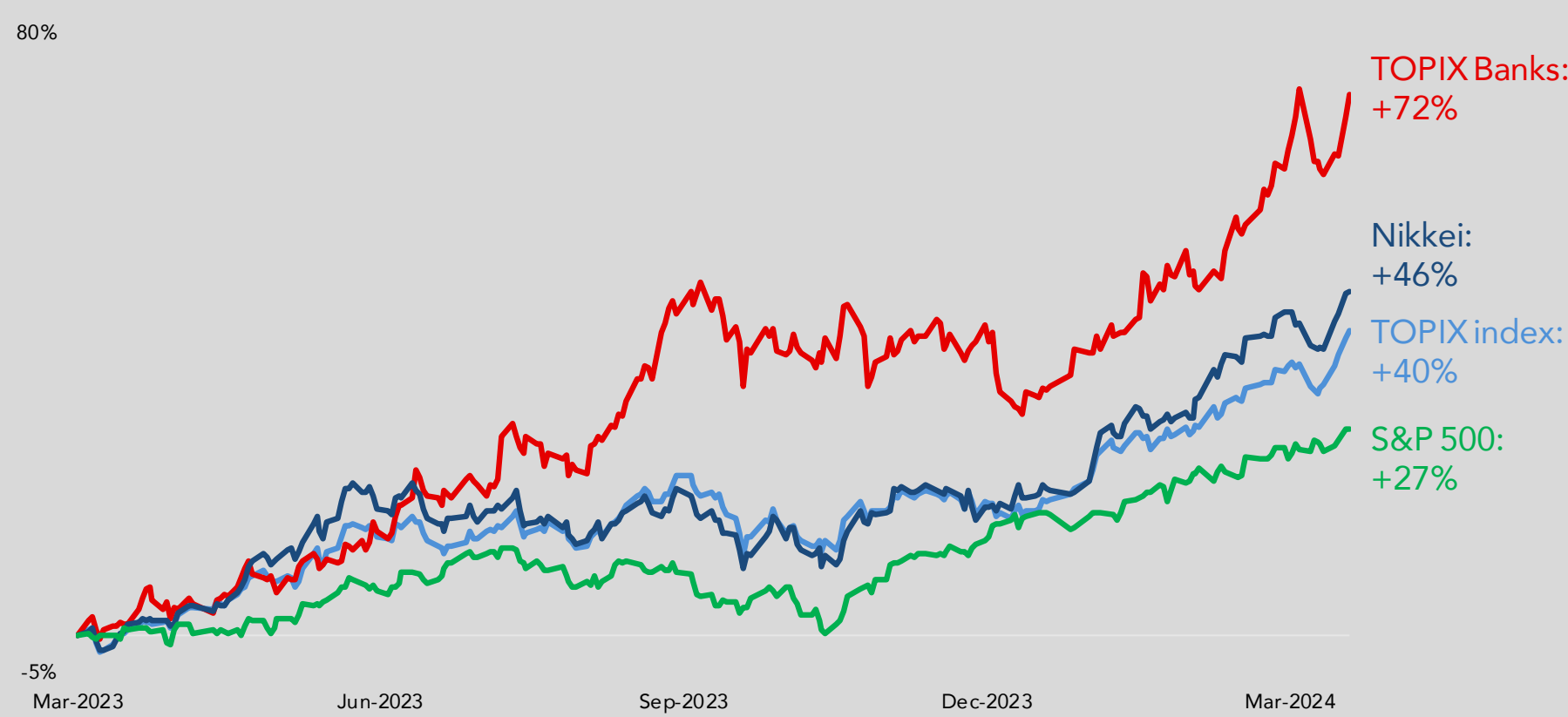


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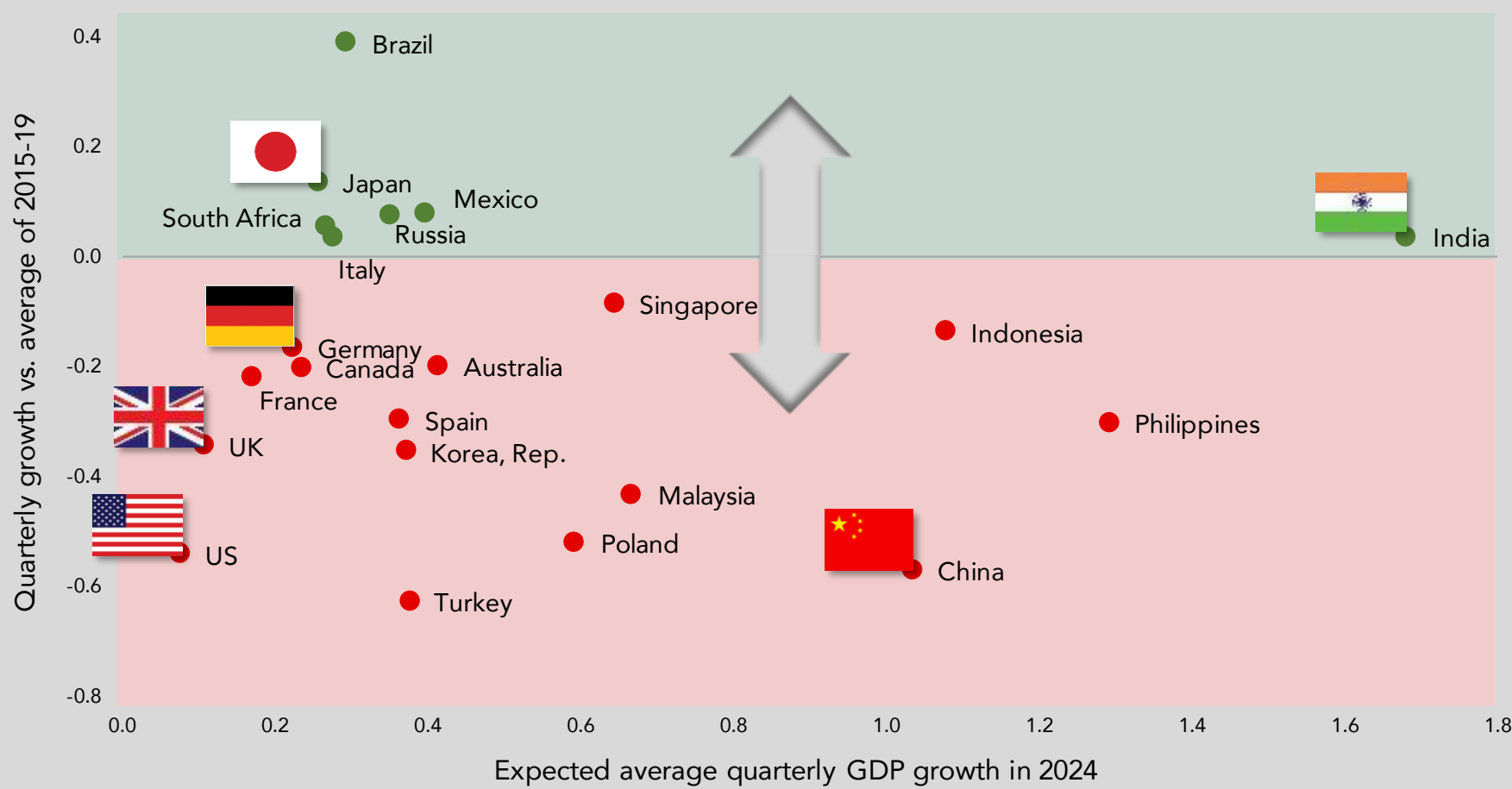
Japanese bank stocks have sharply outperformed the S&P 500 and Nikkei indices over the last year as: (i) the economy emerges from decades of deflation; (ii) GDP growth outpaces its pre-COVID average; and (iii) the BOJ transitions toward policy normalization.

Market performance since March 31, 2023



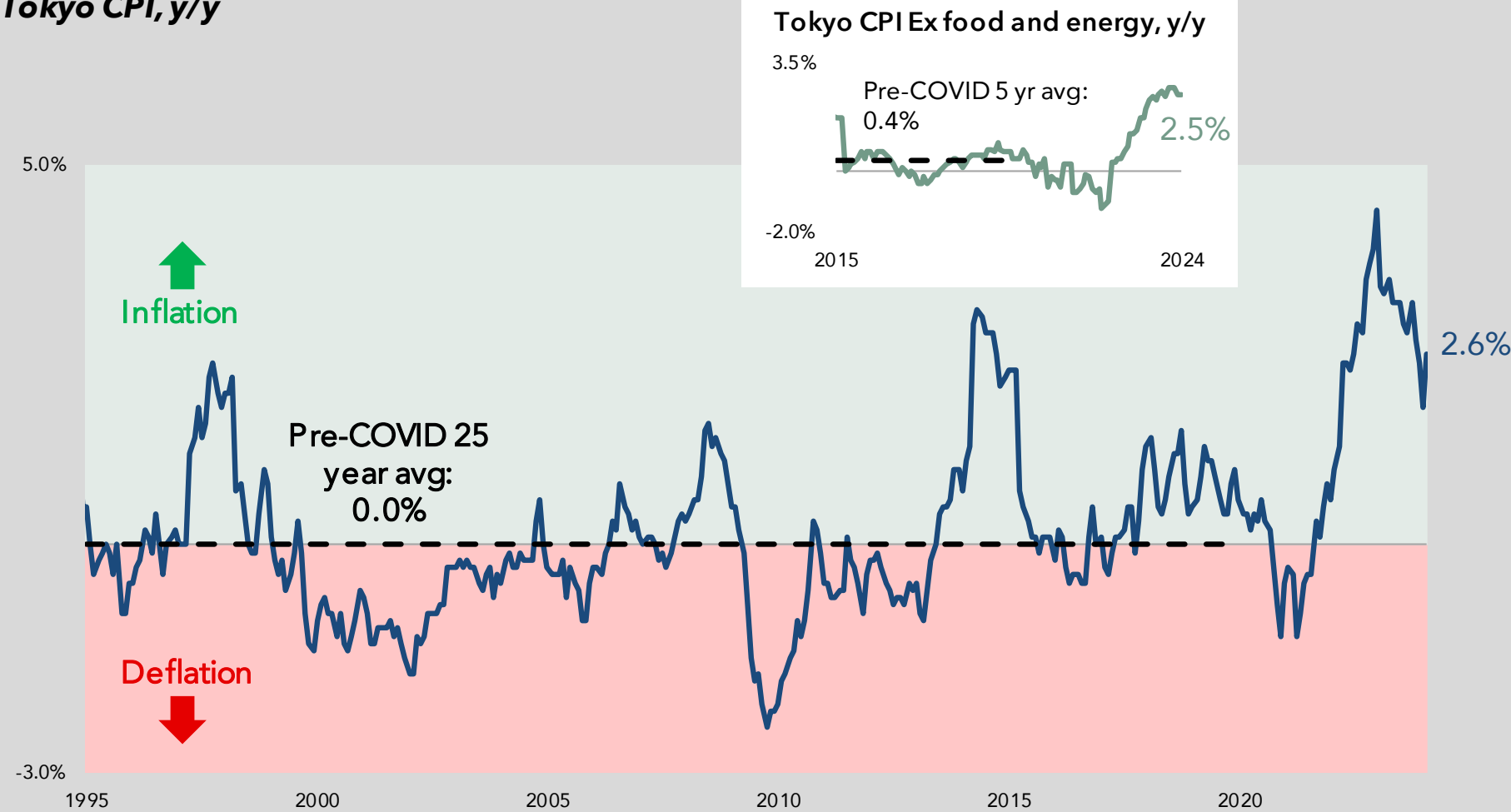
2024 growth rates across most major economies will fall short of their pre-pandemic average. Japan is among the few large global economies expected to outperform on growth in 2024 relative to the pre-COVID period.

2024 growth relative to 2015-19 avg



Japan's economy has begun to emerge from nearly three decades of deflation; which in turn, has facilitated a path towards BOJ policy normalization. Near term, the BOJ is projecting CPI (ex-fresh foods) to remain above 2% through FY 2024.

Tokyo CPI, y/y



Source: (1) Bloomberg. Data as of March 22, 2024. (2) Oxford Economics, "Global: Key Themes 2024 - Few Opportunities in a Gloomy Landscape" (November 15, 2023). (3-4) Bloomberg. Data as of March 21, 2024.

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"Macro stability isn't everything, but without it, you have nothing."