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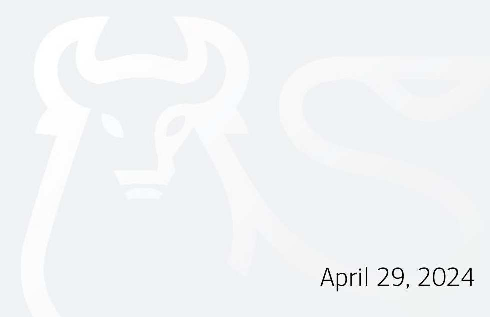
Capital Market Outlook



April 29, 2024

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE

Macro Strategy—*Fed Policy Still Appears Stimulative:* The Federal Reserve's (Fed) monetary policy stance this year has been based on the premise that interest rates are restrictive and will thus bring inflation down enough to warrant lower rates. However, domestic demand growth and inflation data have kept surprising to the upside, causing rate-cut expectations to be pushed out into the future. Fed Chair Powell has been forced to admit that inflation is more of a problem than expected. Other Fed officials have also expressed unease about evidence of reaccelerating inflation.

The possibility that the Fed's next move could be a rate hike has unsettled financial markets. A stretch of intensifying geopolitical instability added to their discomfort with the prospect of higher-for-longer interest rates. Still, credit spreads have not widened. Also, while Equity sector outperformance tilted more defensive recently, it has largely remained consistent with late-cycle conditions and a still stimulative Fed policy. This suggests Equities are likely experiencing just a normal correction. Nevertheless, a prudent investment approach is recommended until the Fed resolves the inflation problem.

Market View—*The Good, The Bad and On Watch:* The Chief Investment Office's (CIO) more constructive portfolio posture reflects The Good: a strengthening of the fundamentals, including earnings and economic trends, which have helped support Equity markets this year in the face of higher bond yields, in our view. The Bad: Stalling disinflation in the U.S. has undermined expectations for easier monetary policy sooner. On Watch: Is inflation boosted further by the price of oil, fueled by geopolitical turmoil in the Middle East? This wildcard may factor in shaping the outlook from one eventually resembling a synchronized global economic expansion to one instead hampered by worries over stagflation.

Thought of the Week—*Best to Hold Your Political Nose When Investing—We Explain:* While more than six months out from the election, we already detect a sense of fatigue and dread among investors. Uncertainty and volatility in an election year are not uncommon—and this year will be no different. Watch for more uncertainty and volatility to creep into the market as we get closer to election day.

That said, we suggest that investors stay in the market. Don't attempt to time the market, and don't let political preferences influence your investment strategies. Hold your political nose, in other words. Since 1953, $1000 invested in the S&P 500 only when a Republican was in the White House would be worth about $30,000 today. The same $1000 would be worth $56,000 if put to work under a Democrat occupying 1600 Pennsylvania Avenue. However, if you stayed fully invested in the market regardless of the party in power, the same $1000 would be worth $1.7 million. Being apolitical would have paid handsome dividends, in other words.

MACRO STRATEGY ▶

Chief Investment Office
Macro Strategy Team

MARKET VIEW ▶

Rodrigo C. Serrano, CFA®
Director and Senior Investment Strategist

THOUGHT OF THE WEEK ▶

Joseph Quinlan
Managing Director and Head of CIO Market Strategy

Ariana Chiu
Wealth Management Analyst

MARKETS IN REVIEW ▶

Data as of 4/29/2024, and subject to change

Portfolio Considerations

The economy shows early signs of reaccelerating, consumers remain healthy, corporate profits are turning higher, and monetary policy is pivoting from tightening to easing. We expect markets to take a small breather and enter a brief consolidation phase as we enter the "no fundamental news" period. Weakness is a buying opportunity, in our view. We believe the broadening out of the market is just beginning. We maintain an overweight to Equities, with a preference for higher-quality U.S. Large- and Small-caps, and still favor a significant allocation to bonds in a diversified portfolio. For qualified investors, Alternative Investments should be considered for long-term growth and various sources of yield as a complement to public investments.

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MACRO STRATEGY

Fed Policy Still Appears Stimulative

Chief Investment Office, Macro Strategy Team

Despite Fed Chair Powell's insistence until recently that monetary policy is restrictive and interest rates can eventually be cut, the evidence suggests otherwise. For example, the Chicago Fed's financial conditions index is showing easier conditions today than when the Fed began raising rates in March 2022. In fact, the index never showed tighter-than-average conditions during the current rate-hiking cycle.

Additionally, but related, the Fed, IMF,[1] and consensus estimates for growth and inflation have increased this year. Most recently, despite a softer-than-expected Q1 gross domestic product (GDP) print, the data show that U.S. domestic demand growth has remained strong at around a 3% annualized pace. This has exceeded the economy's potential growth, requiring higher imports and a drawdown in inventories to satisfy demand, both drags on the headline GDP print.

The underlying strength in domestic demand sets up economic activity for a stronger Q2 as businesses rebuild inventories. This is supported by the latest Fed Beige Book, which shows that the growth outlook has brightened significantly at the end of Q1. In fact, according to Oxford Economics, the Beige Book Activity Index has reached a two-year high.

Stronger-than-potential domestic demand explains why inflation has also remained higher than expected, jolting both financial markets and dovish Fed officials out of their comfort zone the past month. Highly data-dependent and particularly sensitive to upside inflation surprises, Fed officials have thrown cold water over plans to cut rates anytime soon. Interest-rate markets have promptly unwound such expectations as well, rattling Equities in the process.

As a result, expectations of future stock market volatility, as measured by the VIX[2], perked up somewhat. Still, the VIX has remained below average. Also, credit spreads have not widened, consistent with a Fed policy that remains accommodative for nominal GDP and cash flow growth across the economy.

The economic and financial market dynamics, combined with the possibility that the Fed's next policy move may still be a rate hike to bring inflation to its 2% target, suggest that the economy is in the late-cycle stage of the expansion. Indeed, this phase of the business cycle, which occurs before the economy enters a downturn, is typically characterized by several key indicators that fit the present situation quite well:

- **Low unemployment rates:** Recent data show persistently strong labor demand. Employers are still struggling to find qualified workers, and job openings remain elevated.
- **Typically robust GDP growth,** if slower from its peak: As noted above, economic activity remains supported by strong consumer spending, solid government spending, rapid investment in business intellectual property, and renewed gains in residential investment. A need to rebuild inventories is likely to buoy growth in Q2.
- **Asset Price Appreciation:** Prices of assets such as stocks, real estate, and commodities tend to rise in the late-cycle phase. Energy and materials price increases are a typical late-cycle attribute, as the expansion erodes excess production capacity.
- **Rising Inflation:** Inflationary pressures have reaccelerated, as domestic demand for goods and services has continued to outstrip supply, largely due to red-hot nominal consumer income growth.
- **Tightening Monetary Policy:** Central banks tend to raise interest rates during the late-cycle phase to cool growth and inflation. While the Fed has raised rates to their highest levels in 20 years, policy has so far not been restrictive enough to prevent the economy from overheating, as reaccelerating inflation indicates. Rate hikes may still be needed to bring inflation to 2%.
- **Increased Volatility:** The risks of overheating and inflationary pressures increase during this period. Financial markets tend to become more volatile as inflation worries, monetary policy tightening, energy shortages and overseas economic tremors

Investment Implications

Upside inflation surprises have started to trigger more interest in inflation hedges, such as gold, Energy and Materials stocks. Strong nominal growth and higher interest rates favor cyclical and Value stocks.

[1] International Monetary Fund.

[2] Chicago Board Options Exchange Volatility Index (VIX).

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increase risk aversion. The late-cycle phase is a period of transition from strong economic expansion to an eventual downturn.

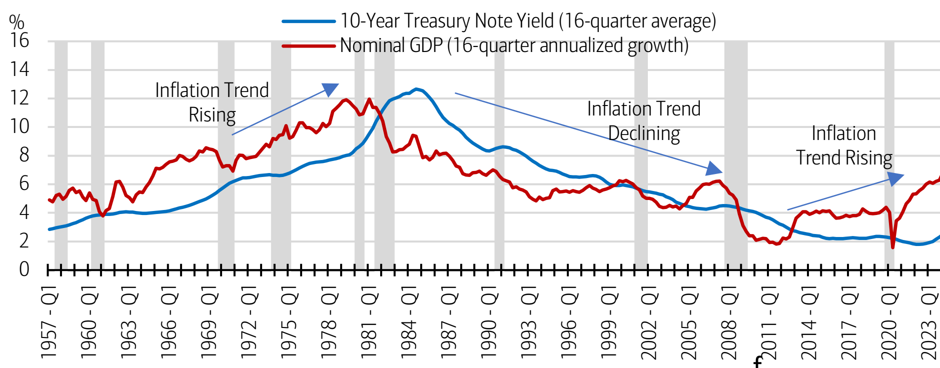
- **Yield Curve Flattening or Inversion:** The yield curve, which reflects interest rates across the maturity spectrum, tends to flatten or invert. An inverted yield curve, where short-term rates are higher than long-term rates, is typically a warning signal of recession. The yield curve inverted soon after the Fed started to raise rates and has remained inverted for a record period ever since.

Equity-sector performance patterns also seem to concur, with typical late-cycle outperformers (Energy, Industrials, Financials, Information Technology) topping the list in the year through March. If policy had been truly restrictive, defensives, such as Healthcare, Utilities and Staples, would likely have outperformed instead. The fact that Utilities and Consumer Staples have outperformed over the past month likely reflects growing expectations that Fed policy may need to finally become restrictive to quell inflation.

The consensus case that policy is already restrictive rests on the notion that the most aggressive rate hikes in decades have pushed interest rates way above the "neutral rate" and therefore put policy in a restraining mode. Yet the "neutral rate" is hypothetical. The economy is not acting as if policy is a restraint on either growth or inflation, suggesting that the Fed policy rate is not above the noninflationary "neutral rate" yet.

A similar disconnect between beliefs about policy restrictiveness and reality was evident throughout the Great Inflation of the late 1960s and 1970s. The Fed kept raising rates to higher and higher levels, yet inflation kept surprising to the upside. Pundits would cite the historic level of rates as proof that policy was tight, yet inflation kept rising anyway. As shown in Exhibit 1, the problem was that from the late 1960s (when inflation began to take off) until the late 1970s (when Paul Volcker finally tightened policy enough to quell inflation), nominal GDP growth trended much higher than the interest-rate structure of the economy. Basically, although the Fed was raising rates, it was constantly behind the curve, allowing debt to be serviced at higher and higher rates that kept lagging the cashflow growth in the economy.

Exhibit 1: Interest Rates Far Below Nominal GDP Growth = Very Stimulative.



Gray bars represent recessionary periods. Sources: Federal Reserve Board; Bureau of Economic Analysis. Data as of April 24, 2024.

This structurally stimulative policy environment shifted in the early 1980s, when the Fed finally pushed rates well above the nominal GDP growth rate. This made it much harder to service debt, thereby slowing the trajectory of money and credit growth. Inflation slowed as a result. In other words, monetary policy only began to bite when nominal rates were well above nominal GDP growth, as they persistently were throughout the 1980s and early 1990s.

This structurally restrictive regime ended with zero rates and quantitative easing following the 2008-2009 financial crisis. To allow reflation to take hold, this unorthodox policy held interest rates well below nominal GDP growth rates for most of the past decade, setting off a new era of structurally higher inflation. Seen in this context, Fed policy has remained quite stimulative (Exhibit 1). In fact, over the past four years, the gap between nominal GDP growth and 10-year Treasury yields has averaged higher than even during the 1970s.

In sum, the economy appears to be in the late cycle of the expansion, operating above potential with elevated inflation. The fact that inflation is reaccelerating despite Fed tightening indicates that monetary policy is not restrictive enough. The Fed's next move may still be a rate hike if it truly wants to bring inflation back to target.

MARKET VIEW

The Good, The Bad and On Watch

Rodrigo C. Serrano, CFA®, Director and Senior Investment Strategist

The Good: Strengthening Fundamentals

For most of the year, the uptrend in benchmark borrowing costs has had a limited effect on positive global Equity performance. We believe an improvement of the fundamental outlook has factored in this resilience. In the U.S., for the current reporting period, the S&P 500 is expected to produce a third consecutive quarter of profits growth on a year-over-year (YoY) basis.[3] Projected earnings of the index this year and over the next 12 months have been rising, helping consolidate fully valued price-to-earnings multiples (Exhibit 2A). A driver of this progression has been robust consumption, which has fueled stronger forecasts for real GDP growth this year. These trends have led to the outperformance of cyclical sectors such as Energy and Industrials year-to-date.[4] Favoring these segments, we believe a general broadening out of the Equity market advance is beginning. Meanwhile, credit markets overall have also signaled fundamental strength.

A significant element driving growth has been a more dynamic supply side. Analysts have increasingly cited immigration as a contributor to an expanding labor force. Raising consumption, this enlargement also improves the balance of supply/demand within the job market. Meanwhile, an example of the greater resilience of supply chains lies in the national consequences of the collapse of the Francis Scott Key Bridge in Baltimore, which has disrupted a major shipping port. Overall, industry experts believe a rerouting of shipments to other landings can contain the fallout to the rest of the supply chain. With experience from other major recent supply-side shocks, including the pandemic and the Ukraine/Russia war, prepared logistical game plans to counter disruptions reflect the effects of a management shift from “just in time” to “just in case.”

From a global perspective, alongside the U.S. economy—the world’s largest—India, ranked fifth according to the World Bank, has also supported growth, expanding by over 8% on a YoY basis for three consecutive quarters. Meanwhile, underpinned by a historically low unemployment rate, the services sector in the euro area may be reaccelerating, according to a widely followed S&P Global purchasing managers' index. Similar indicators in China have also improved, while Q1 growth in GDP, at 5.3%, surpassed the consensus analyst expectation. Overall, these developments suggest that a majority of the world’s other top 10 economies may be contributing to a more synchronized global upswing, an upside risk to our outlook.

Reflecting this potential, commodity prices have stabilized. Copper, historically a barometer of global economic health, has seen its price markedly appreciate. That of oil has also risen in April to the highest since late October.

The Bad & On Watch

While attributable to the exceptional resilience of the U.S. economy, pricing pressures have reemerged, delaying forecast interest rate cuts by the Fed. Moreover, heated tensions in the Middle East have scrambled the signal for the outlook given by petroleum prices. Instead of signaling fundamental strength, their rise may instead serve to tighten financial conditions globally. The U.S. dollar has strengthened, which has raised policy concern in other nations over less leeway to ease the weight of tight monetary policy on economic growth (Exhibit 2B). This environment may also complicate stimulus efforts in China to stabilize the real estate sector. Meanwhile in Japan, the yen’s depreciation has elicited verbal warnings of intervention by policy officials, worried it could fan inflationary pressures and worsen a cost-of-living backdrop and weak domestic demand. It may also

Portfolio Considerations

Today’s more volatile landscape resharpens a focus on maintaining a well-diversified portfolio. Addressing the potential for novel challenges on this front, we view commodities and real assets as potential complementary long-term diversifiers, due to an emphasis by government on resource, supply chain and military security; a gradual transition to a greener energy mix; and efforts to sustain living standards amid large fiscal imbalances.

[3] According to FactSet.

[4] As of April 26, 2024.

compel the central bank to hike its policy interest rate. This could raise anticipation for a repatriation of capital flows, spurring financial market volatility abroad.

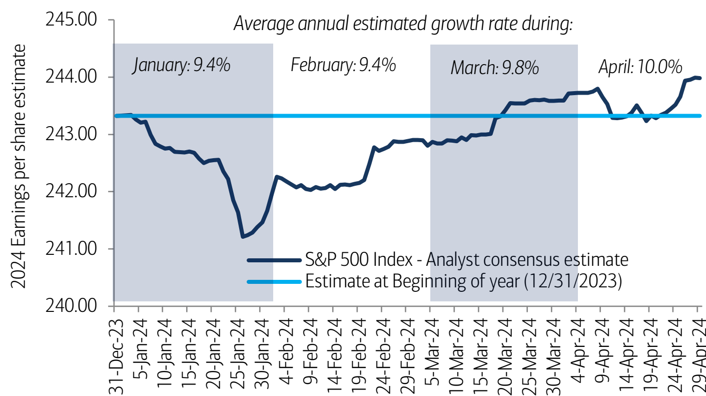
In general, a scenario of higher-for-longer interest rates not fueled by genuine economic strength risks heightening worries over public fiscal imbalances and crowding out private capital. Aside from dampening buoyant investor optimism in prominent segments of equity markets, tighter financing conditions risk intensifying uncertainty over the outlook for commercial real estate and businesses with less resilient balance sheets, hampering lending in the real economy.

Returning to geopolitics, on watch remains the U.S.-China relationship. Driven by domestic considerations—a November election in the U.S. and economic weakness in China—token steps to stabilize ties belie a strengthening by the U.S. of its export controls within a broader battle for technological supremacy. Longer-run economic policy has also become a notable irritant. Instead of bolstering consumption, a policy track urged by the U.S. and other nations, China seems resolved to double down on export-oriented development as a key economic growth pillar, leveraging its efficiency in manufacturing and its leadership in emerging industries such as electric vehicles. This contention may spur protectionist acts by countries seeking to protect domestic industry, arguing that China's share of global manufacturing already stands at a saturating 31%.[5] [6] The risk of flashpoints related to the South China Sea and North Korea also stands by.

In conclusion, the CIO's more constructive portfolio posture reflects a strengthening fundamental backdrop, which would bolster the team's view of a long rotation in Equities favoring U.S. Small-caps and Value-cyclical segments. Yet we're carefully monitoring the effect of tighter financial conditions on the economic outlook and the risk of geopolitical shocks also upsetting expectations.

Exhibit 2: The Good: Improving Fundamentals. The Bad: Inflation pressures, Tightening Liquidity.

2A) After Dipping Initially, The Median Consensus 2024 Earnings Estimate For The S&P 500 Now Stands Above Its Level At The Beginning Of The Year.



2B) Coinciding with rising oil prices, tempered expectations over the extent of the Fed's interest rate cutting cycle has fueled an appreciation of the U.S. dollar.

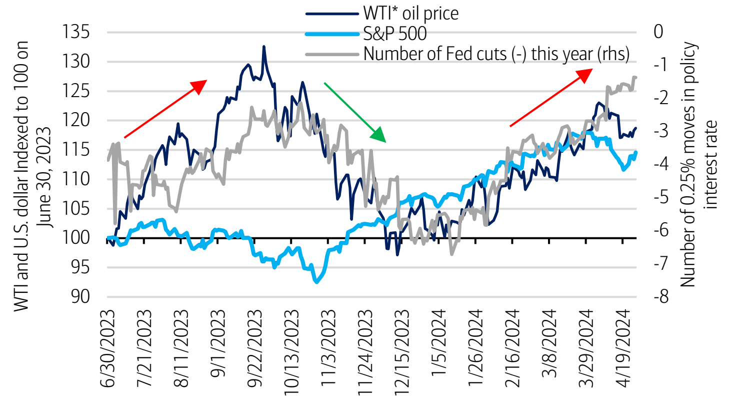


Exhibit 2A) Source: Bloomberg. Data as of April 26, 2024. Exhibit 2B) *West Texas Intermediate. Source: Bloomberg. Data as of April 26, 2024. **Past performance is no guarantee of future results. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report.**

[5] "U.S.-China Tensions Fragmenting Trade and Investment, IMF Finds," Bloomberg (April 8, 2024).

[6] "Will Xi's Manufacturing Plan be Enough to Rescue China's Economy?," *Financial Times* (March 27, 2024).

THOUGHT OF THE WEEK

It's Best to Hold Your Political Nose When Investing—We Explain

Joseph Quinlan, Managing Director and Head of CIO Market Strategy

Ariana Chiu, Wealth Management Analyst

When it comes to investing for the long term, making investment decisions along political party lines is a great way to underperform the boarder market. That's the clear message from Exhibit 3A. Since 1953, $1000 invested in the S&P 500 only when a Republican was in the White House would be worth about $30,000 today. The same $1000 would be worth $56,000 if put to work under a Democrat occupying 1600 Pennsylvania Avenue. However, if you held your political nose and stayed fully invested in the market regardless of the party in power, the same $1000 would be worth $1.7 million. Being apolitical would have paid handsome dividends, in other words.

We underscore this fact because November's vote—while still more than six months away—continues to generate a great deal of interest and angst among investors. Investors should not be surprised if a heightened sense of uncertainty and volatility creep into the markets leading up to the election. It's to be expected—it's commonplace as depicted by Exhibit 3B, which charts the contours of the VIX before and after presidential elections.

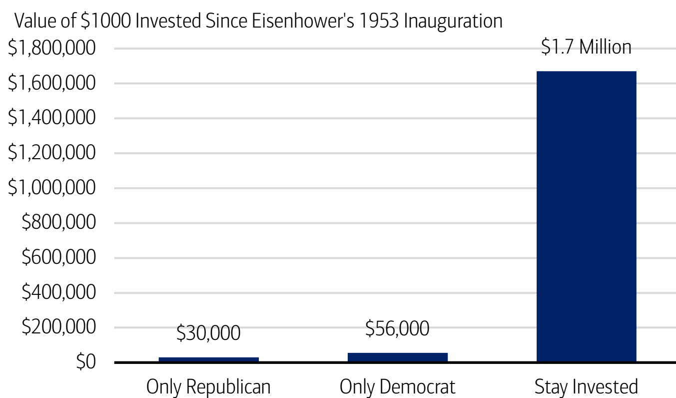
Against this backdrop, investors should keep in mind some of the basic tenets of investing in an election year: **One, while election years are frequently associated with more market volatility, U.S. Equities returns in election years (7.5% on average back to 1928 for the S&P 500) have not been all that different from non-election year returns (8%),** according to data from Bloomberg. **Two, profits trump politics.** Politics matter to the markets, but the long-term driver of returns has been with company profits. And **three, amid the swirl of uncertainty, stay in the market—don't try to time the market or make major moves today in anticipation of changing course tomorrow.** Hold your nose, in other words.

Investment Implications

Politics matter but market fundamentals matter more when it comes to determining long-term market returns. Amid the swirl of election uncertainty, the CIO continues to suggest that portfolios remain diversified across all asset classes, with an emphasis on high quality. Use pullbacks as optimal market entry points.

Exhibit 3: Don't Run or Hide from U.S. Elections—Stay Invested.

3A) Join the "Stay Invested" Party.



3B) Average VIX Performance in Election Years since 1990.

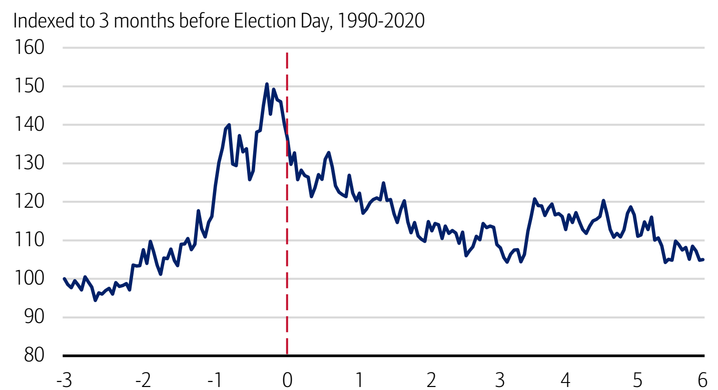


Exhibit 3A) Value calculated using S&P 500 daily total returns gross dividends. Sources: Bloomberg; Bespoke Investment Group. Data as of April 23, 2024. Exhibit 3B) Source: Bloomberg. Data as of 2020 Election. **It is not possible to invest directly in an index. Please refer to index definitions at the end of this report.**

MARKETS IN REVIEW

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	38,239.66	0.7	-3.9	2.0
NASDAQ	15,927.90	4.2	-2.7	6.3
S&P 500	5,099.96	2.7	-2.9	7.4
S&P 400 Mid Cap	2,895.24	2.1	-4.9	4.6
Russell 2000	2,002.00	2.8	-5.7	-0.8
MSCI World	3,335.08	2.5	-2.9	5.8
MSCI EAFE	2,275.32	1.9	-2.9	2.8
MSCI Emerging Markets	1,041.52	3.8	0.0	2.4

Fixed Income†

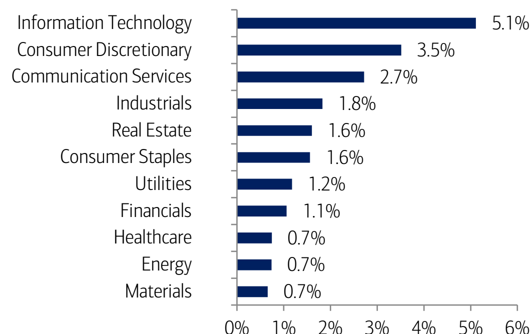
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	5.18	-0.12	-2.36	-3.06
Agencies	5.16	0.00	-0.96	-0.89
Municipals	3.77	-0.30	-1.31	-1.69
U.S. Investment Grade Credit	5.28	-0.08	-2.43	-3.19
International	5.71	0.03	-2.53	-2.92
High Yield	8.13	0.60	-1.05	0.41
90 Day Yield	5.39	5.37	5.36	5.33
2 Year Yield	4.99	4.99	4.62	4.25
10 Year Yield	4.66	4.62	4.20	3.88
30 Year Yield	4.78	4.71	4.34	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	240.39	0.0	3.9	6.2
WTI Crude $/Barrel††	83.85	0.9	0.8	17.0
Gold Spot $/Ounce††	2337.96	-2.3	4.8	13.3

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.07	1.07	1.08	1.10
USD/JPY	158.33	154.64	151.35	141.04
USD/CNH	7.27	7.25	7.26	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 4/22/2024 to 4/26/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 4/26/2024 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 4/26/2024)

	2023A	Q1 2024A	Q2 2024E	Q3 2024E	Q4 2024E	2024E
Real global GDP (% y/y annualized)	3.0*	-	-	-	-	2.9
Real U.S. GDP (% q/q annualized)	2.5	1.6	2.0	2.0	2.0	2.5
CPI inflation (% y/y)	4.1	3.2	3.7	3.5	3.3	3.4
Core CPI inflation (% y/y)	4.8	3.8	3.6	3.6	3.5	3.6
Unemployment rate (%)	3.6	3.8	3.9	3.9	4.0	3.9
Fed funds rate, end period (%)	5.33	5.33*	5.38	5.38	5.13	5.13

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**

A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of April 26, 2024.

Asset Class Weightings (as of 4/2/2024)

	CIO View				
Asset Class	Underweight		Neutral	Overweight	
Global Equities				●	
U.S. Large Cap Growth			●		
U.S. Large Cap Value				●	
U.S. Small Cap Growth				●	
U.S. Small Cap Value				●	
International Developed		●			
Emerging Markets			●		
Global Fixed Income		●			
U.S. Governments				●	
U.S. Mortgages				●	
U.S. Corporates		●			
International Fixed Income			●		
High Yield		●			
U.S. Investment-grade Tax Exempt		●			
U.S. High Yield Tax Exempt		●			
Alternative Investments*					
Hedge Funds			●		
Private Equity			●		
Real Assets			●		
Cash					

CIO Equity Sector Views

	CIO View				
Sector	Underweight		Neutral	Overweight	
Energy				●	
Healthcare				●	
Consumer Discretionary				●	
Industrials				●	
Information Technology			●		
Communication Services			●		
Financials			●		
Real Estate			●		
Utilities		●			
Materials		●			
Consumer Staples	●				

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of April 2, 2024. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization**.**

S&P 500 Price Return Index measures the value of the stocks of the 500 largest corporations by market capitalization listed on the New York Stock Exchange or Nasdaq. The intention of Standard & Poor's is to have a price that provides a quick look at the stock market and economy.

S&P 500 Total Return Index is the investment return received each year, including dividends, when holding the S&P 500 index.

Chicago Fed's financial conditions index is a weighted average of a large number of variables (105 measures of financial activity) each expressed relative to their sample averages and scaled by their sample standard deviations.

Chicago Board Options Exchange Volatility Index/VIX is the ticker symbol and the popular name for the Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Beige Book Activity Index is a Federal Reserve System publication about current economic conditions across the 12 Federal Reserve Districts. It characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each District's sources.

S&P Global purchasing managers' index is a survey-based economic indicator designed to provide a timely insight into changing business conditions in the goods-producing sector.

Bloomberg U.S. Dollar Index tracks the performance of a basket of 10 leading global currencies versus the U.S. Dollar.

West Texas Intermediate is the underlying commodity of the New York Mercantile Exchange's oil futures contract and one of the main global oil benchmarks.

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