

Markets in the Fall



Healthy growth of the US economy to continue

The Fed's latest projections suggest a steady GDP growth in 2019, unemployment is likely to remain low and inflation is likely to remain through the first half of 2019. These justify several further rate increases.



Moderate overweight to equities

We expect a divergence in equity returns across geographies. On a 12-month horizon, we prefer to overweight Japan, Asia and Emerging Markets.

No US or global recession in 2020

To date, GDP growth remains on track to match last year's pace, the strongest since 2011. Positive economic growth and corporate profits are expected to continue in 2019 despite headwinds.



Global equity markets tumbled in early October on the back of concerns over higher interest rates and continued macroeconomic headwinds. As the year comes to an end, we believe that markets will focus on three issues going into 2019: the implementation of US trade policy, the price of oil, and the trajectory of interest rates. We believe that although market volatility is likely to continue, a lot of bad news has been discounted, some fundamentals are still supportive and global earnings growth appears healthy despite some downward revisions. There is reason to be optimistic on selective equities and bonds looking forward into 2019.

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