Manulife Asset Management

Making Sense of the Market Rebound

Geopolitical developments continue to produce headline risks that whipsaw global markets

China's stimulus injection can be sufficient to provide temporary 12-18 month **stabilisation** in the Chinese economy, mostly via improved investor confidence, Chinese market sentiment and the expectations of further easing ahead

Upcoming tailwinds in the US economy such as broad-based wage gains and sizable tax refunds will pave the way for an **additional rate hike** from the Fed mid-year

"The start of this year saw the return of risk-on sentiment as investors welcomed a newly dovish Fed and signs the Chinese economy is over the worst – but geopolitical tensions and the growth outlook are lingering concerns. Nonetheless, the inflection point in Chinese policy has also supported global risk sentiment as expectations of a Chinese economic stabilisation feed through into an improved global growth outlook, at least at the margin."

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