

press release

Outlook 2017: A ‘#pivot?’ year for investors

Standard Chartered’s latest investment theme aims to help investors navigate challenging investment landscape

08 January 2017, Dubai – Standard Chartered Bank’s Wealth Management Advisory Group today released its Outlook 2017 publication, highlighting the key market scenarios and offering investors a map of key investment themes to navigate uncharted waters in 2017.

Given continuing uncertainties in the global economy, investors need to take into account the possibility of different, evolving scenarios to guide their investment decisions. This sentiment is reflected in Standard Chartered’s ‘#pivot?’ theme, guided by the following:

- “#” symbolises today’s fast-changing world where both information and misinformation perpetuate at an increasing pace in the cyber space, and has the potential to accelerate the emergence of trends.
- “Pivot” suggests that investors will benefit from keeping one foot firmly planted in asset classes that should perform in an environment of structurally slow growth and low inflation (‘muddle-through’ scenario), while taking a step towards assets that should do well in a scenario of controlled recovery in growth and inflation (‘reflationary’ scenario).
- The inclusion of a “?” highlights the uncertainty around the potential pivots – despite a reasonably clear direction, the magnitude, pace and implications are all open to significant debate and may have been overly priced in, especially in the near term.

“Take the scenario in the US as an example: it is not clear when and in what form its fiscal stimulus will pass through the legislature,” said **Steve Brice, Chief Investment Strategist, Standard Chartered Bank.**

He added: *“Although one can easily assume that a fiscal stimulus is a positive move in a growth-starved world, there is also the possibility that increased government spending and tax cuts feed through more to rising inflation than to faster growth, with the US already approaching full capacity.”*

Market sentiment towards a reflationary scenario is also quickly gaining traction, and a continuation of this momentum is contingent on the implementation of fiscal policies that

would support this scenario. However, the sustainability of such a trend is still unclear, and even if it is, a smooth process is unlikely.

Gautam Duggal, Regional Head of Wealth Management for Africa, the Middle East and Europe - Head of Wealth Management for the UAE, Standard Chartered Bank, said: *“Against the global backdrop of the four key pivots – a shift towards greater use of fiscal policy, a more reflationary environment, increasing protectionism and rising multi-polarity – uncertainties surrounding the outlook are likely to rise. As such, it is critical investors in the region take a scenario-based approach when it comes to reviewing investment opportunities.”*

He noted: *“Our approach of proactively accessing and assimilating diverse sets of information and perspectives provides a more rounded view of the investment outlook, and helps to shape the advice we offer to our clients to navigate the increasing challenging investment landscape.”*

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Standard Chartered

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