

Press release

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Investment Outlook:

Global economic opportunities outweigh threats

World economic growth will gradually accelerate in 2015-2016. The oil price decline and monetary policy stimulus will outweigh geopolitical turmoil and deflation risks. The American economy has strengthened. Japan has dipped into a new recession. British economic growth has remained healthy. After an obvious slump, the euro zone has regained some of its dynamism since late in 2014. The pace of growth in the emerging market (EM) sphere as a whole has weakened, but the pattern has varied. India has delivered upside surprises.

“We are seeing a world that is dancing out of step, yet the music is up-tempo. In the United States, key interest rate hikes are approaching. In Europe and Japan we have extremely low and in some cases negative interest rates and bond yields, as well as massive liquidity injections. The effect of these developments has been to sharply strengthen the US dollar, which is a desirable effect that will lead to a stabilisation of the economic system,” says Fredrik Öberg, Chief Investment Officer at SEB Investment Strategy.

How does this affect SEB’s current market view? Despite sharply rising share prices, SEB’s attitude towards equities remains positive. This applies both to the Swedish and global stock market.

“However, we are sceptical towards commodity-producing companies, for which we expect a continued weak price component. In the case of fixed income investments, we continue to prefer corporate credit instruments to government bonds and are avoiding long maturities,” Mr Öberg says.

This issue of the quarterly report *Investment Outlook* takes a close look at the effects of large oil price movements. Net oil exporters in the EM sphere are the biggest losers from the oil price decline, while net oil importers in the EM countries are the biggest winners. There are also attractive stock markets among the winner countries.

The report also analyses the consequences of extremely low interest rates and bond yields. What happens when they approach zero or become negative? This is partly unknown territory that requires some mental effort to navigate through. In addition to these themes, the issue includes analyses of asset classes and presents our current portfolio management strategy.

The report can be read in its entirety at www.sebgroup.se.

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