



## Press release

Stockholm, May 26, 2015

### Investment Outlook:

## Accelerating global growth with continued low inflation is promising for equities

**Equities have the highest expected returns. Next come corporate bonds and alternative investments. At the bottom are government bonds. This reflects a world that is expected to deliver successively stronger economic growth and a continued low underlying inflation rate, according to the June 2015 issue of SEB's *Investment Outlook*.**

SEB foresees accelerating and more robust growth, supported by continued central bank stimulus measures. This gives an advantage to equities and credit instruments despite high valuations. We prefer European and Asian to American equities.

This issue of *Investment Outlook* includes an in-depth look at asset valuations. In recent years, strong stock markets as well as falling bond yields and interest rates have driven up valuations. This is the reason why we analyse current financial market pricing and future opportunities for returns.

Another theme in this issue is risks. The prevailing stock market upturn, or "bull market", is now over six years old. More and more people are thus concerned that the upturn is nearing its end. An inventory of what could make it turn into a "bear market" shows that the situation in the real economy poses no major threats. Instead, the risks to equities are primarily financial. Some of these are related to the consequences of unprecedented central bank monetary policies, as well as the impact of significant exchange rate shifts on companies in emerging markets. The common denominator is the risks posed by large, unexpected price movements.

We also examine recent events in the euro zone and in Japan. After a tough period for many euro zone countries, the situation in the currency union now looks much better. Following six straight quarters of recession, GDP began to grow again during 2013. High unemployment and large central government debts are still challenges in the region, but household confidence has improved and consumption is up. Many countries are now more competitive thanks to the weak euro, and exports have begun to rise. Ultra-low interest rates, lower oil prices and a weaker euro are factors that will support this positive trend going forward, but Greece remains an exception.

Looking at Japan, we give Prime Minister Shinzo Abe's economic policies a mixed review so far. Aggressive monetary policy is lifting inflation, while the weak yen is pushing up corporate earnings and share prices. But because of a challenging labour market situation, more structural reforms are needed before "Abenomics" can go down in history as a success.

In addition to these themes, the issue includes analyses of various asset classes and presents our current portfolio management strategy. The report can be read in its entirety at [www.sebgroup.se](http://www.sebgroup.se).

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