Press release

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SEB Investment Outlook: Healthy growth, but mounting risks

The world economy has now entered what looks like a mature expansion period. Despite political uncertainty, we also anticipate that this healthy growth can last for another couple of years, without inflation necessarily speeding up significantly. Among the repercussions of the positive report season, which was accompanied by solid economic statistics, volatility in both the stock market and credit market reached levels that may very well turn out to be lows for this cycle.

"If we look at the underlying economic drivers, the potential for growth remains good and inflation remains at rather moderate levels. Based on this, we expect the corporate sector to continue delivering earnings increases during 2018, but because of this autumn's strong stock markets we anticipate larger short-term market fluctuations. We have thus slightly decreased the total risk in our portfolios, although we have a continued small overweight in global equities," says Fredrik Öberg, Chief Investment Officer, SEB Private Banking.

Turning to the theme articles in this issue of Investment Outlook, we present an in-depth look at two current topics that are based on technological advances. The first article deals with the digitisation of China and the highly successful domestic technology sector that has emerged as a result. During a 12 year period, Internet penetration in China rose from 10 per cent to 53 per cent last year – an increase of about 620 million people who have an Internet connection today. This explosive growth ensures solid long-term prospects for Chinese information technology companies.

The second theme article is about the inherent threats and opportunities of digitisation connected to IT security. Crime via digital channels, or cybercrime, is unfortunately a very rapidly growing category of criminality. On the other hand, this trend also creates opportunities. There are plenty of fast-growing companies in the IT security sector.

The Investment Outlook report can be read in its entirety at www.sebgroup.com

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