

Press release

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Investment Outlook: Get ready for more volatility

Continued signs of strength on a broad front confirm the picture of a global economy in a phase that looks like a mature expansion period. However, our picture of the capital market in 2018 is somewhat different from 2017, which included a combination of favourable factors that resulted in very strong asset markets and record-low volatility. This year we expect more erratic and volatile market performance.

“Last year we had strong economic growth without troubling inflationary impulses, stable and increasing earnings, extremely low interest rates and central banks that were pumping liquidity into the economic system. This year, we expect headwinds from some of these factors, which may result in weaker periods and profit-taking, even though the underlying trend will remain positive,” says Fredrik Öberg, Chief Investment Officer, SEB Private Banking.

Although the economic expansion has lasted since 2009, we are still optimistic about economic performance, the global growth rate and the positive effects these have on earnings generation in the corporate sector. The regional breadth of growth and its spread to all parts of the economy provide a stable situation. On the minus side are relatively high valuation levels, rising interest rates and bond yields as well as central banks that will gradually apply the brakes by means of higher key interest rates and smaller liquidity injections. Overall, we are sticking with our cautiously optimistic view of riskier assets, although our earnings expectations are somewhat lower than last year.

One of our theme articles in this issue of Investment Outlook is an analysis of blockchain technology – what it is and what opportunities it offers. The other is a new look at sustainability and the rapid developments occurring in that field.

Investment Outlook can be read in its entirety at www.sebgroup.se

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