

Press release

Stockholm 11 September 2018

Investment Outlook: Divided view of the economic cycle

We are headed towards the end of the upturn phase in this economic cycle, but global growth will continue for another couple of years. The timing of the transition to the next phase is always hard to foresee. We regard the gradual deceleration that is part of our forecast as the most likely scenario but are prepared for a more dramatic process, as history has often provided.

In early August we reduced the risk in our portfolios to a neutral level. We based this decision on a combination of a late-cyclical phase, no further acceleration in the global economic growth rate, a strong quarterly report season with good stock market response and numerous disruptive factors such as a trade war in the form of tariff hikes and turbulence in various emerging market (EM) economies. Also contributing to our decision was that we had already received good returns earlier in the year by having aggressive risk exposure.

“We remain structurally optimistic, but are tactically more cautious. Global capital spending has speeded up and the probability of recession is low, but we foresee some risk of temporary disappointments connected to economic statistics, and we are entering a period when companies will be relatively quiet until third quarter reports start to be published. The equation is fairly complicated,” says **Fredrik Öberg**, Chief Investment Officer, SEB Private Banking.

We are in the latter part of the economic cycle, a phase that often includes high growth and rising inflation, causing central banks to tighten their monetary policies. Investors are hesitating between faith in continued upturns and preparations for the next cyclical phase – the downturn phase. In this *Investment Outlook* report's theme article, “Economic and market cycles”, we provide a more in-depth view of where we stand today, concluding that the economy still has energy left for another while.

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

For further information, please contact

Fredrik Öberg, Chief Investment Officer
+46 (0)8 763 6304
fredrik.oberg@seb.se

Press contact

Frank Hojem, Group Press Officer
+46(0)8 763 9947
frank.hojem@seb.se

SEB is a leading Nordic financial services group with a strong belief that entrepreneurial minds and innovative companies are key in creating a better world. SEB takes a long-term perspective and supports its customers in good times and bad. In Sweden and the Baltic countries, SEB offers financial advice and a wide range of financial services. In Denmark, Finland, Norway, Germany and UK the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. At 30 June 2018, the Group's total assets amounted to SEK 2,818bn while its assets under management totalled SEK 1,838bn. The Group has around 15,000 employees. Read more about SEB at <http://www.sebgroup.com>.