



PRESS RELEASE

KBL *epb* unveils 2018 global investment outlook

- *Worldwide economic growth firmly on track; Europe poised for second consecutive year of real GDP growth in excess of 2%*
- *Amidst central bank tightening, inflation expectations could finally rise, starting in the US and Germany*
- *Equity markets poised to maintain upward trajectory as fixed-income investors face another challenging year*

Luxembourg; January 9, 2018: The world economy is strong and Europe has found its sweet spot, while equities should maintain their upward trajectory, outperforming bonds for the seventh straight year.

That is the view of KBL European Private Bankers (KBL *epb*), the Luxembourg-headquartered private banking group, which today released its *2018 Global Investment Outlook*, covering the economy, financial markets and key asset classes.

Supported by forecast global GDP growth of 3.7%, the outlook for Europe is now brighter than it has been in a decade – despite political uncertainty in Germany, worrying upcoming Italian elections and the potential Brexit fallout.

“European investor and corporate confidence is solid, business activity is rising at a rapid clip, private-sector hiring is at a 17-year high, and unemployment continues to fall steadily,” said Jean-François Jacquet, Chief Investment Officer, Luxembourg, KBL *epb*. “Barring unexpected shocks, the eurozone is poised for a second consecutive year of real GDP growth in excess of 2%.”

Meanwhile, despite aggressive monetary policies, strong economic growth and low unemployment, inflation remains well below central bank targets. That could change in 2018, Jacquet said, as policy normalization may lead inflation to pick up faster than expected in key markets such as the United States and Germany.

Turning to the investment outlook, Ilario Attasi, KBL *epb*’s Head of Group Research, expects worldwide equity markets to remain buoyant in 2018. “European earnings

prospects look especially impressive amidst accelerating profitability and monetary support from the European Central Bank, benefiting in particular cyclical stocks such as banks and industrials," he said.

Attasi noted that Japanese equities appear poised for another stellar year and that emerging-market equities are thriving, too, thanks to rising global demand and rebounding commodity prices.

In this bullish environment, he said that key market risks include the potential impact of monetary policy normalization, excessive Chinese debt and a range of political developments, including important upcoming elections in the United States and Europe.

While the fixed-income segment continues to hold limited appeal, alternative strategies should offer significant diversification benefits as part of a balanced portfolio.

According to Attasi, commodity prices should continue to climb, slowly but steadily, over the course of 2018. Base metals, in particular, should trend upwards; oil and gold are likely to remain largely stable.

Concluding with currencies, he said that KBL *epb* expects the US dollar to continue its slide versus the euro, and the yen and Swiss franc to remain weak. Sterling's fortunes, unsurprisingly, will hinge upon Brexit negotiations.

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About KBL European Private Bankers:

KBL European Private Bankers (KBL *epb*), founded in 1949, is headquartered in Luxembourg and operates in 50 cities across Europe, staffed by over 2,000 professionals.

In addition to its core business of private banking, the group extends a range of additional investment solutions through its Asset Servicing (including Fund Administration and Global Custody), Global Markets and Asset Management business lines.

Widely recognized as a private banking leader, KBL *epb* has been named among the "Outstanding Private Banks in Europe" at the Private Banker International Global Wealth Awards for the past three years, as well as Luxembourg's best private bank at the PWM/The Banker Global Private Banking Awards in 2016 and 2017.

With the full support of its shareholder, Precision Capital, a Luxembourg-based bank holding company, KBL *epb* is consolidating its presence across Europe.

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