

PRESS RELEASE

## KBL Luxembourg unveils 2019 global investment outlook

*As the pace of worldwide growth slows, investors should brace themselves  
for potentially sustained market volatility*

**Luxembourg; January 7, 2019:** Following a sharp recovery from the financial crisis, the global economy is now approaching the end of the current growth cycle, slowing in response to a combination of tighter financial conditions, the end of US stimulus and increased international trade tensions.

That is the view of Jean-François Jacquet, Chief Investment Officer at KBL Luxembourg, which today released its annual projections for the world economy, financial markets and key asset classes.

“While we are late in the economic cycle, we are not at the end of it yet,” he said, highlighting the positive outlook for emerging markets, which are forecast to expand by at least 4.5% over the next three years. However, he noted that the rate of GDP expansion in advanced economies is anticipated to fall from 2.4% in 2018 to just 1.7% in 2020, dragged down by notably lower growth in the eurozone and Japan.

In Europe, Jacquet emphasized that ongoing political uncertainty continues to exacerbate existing concerns, delay major investment decisions and contribute to expected annual growth below 2%. At the same time, he noted that 2019 is not a major election year in most nations worldwide. “That political continuity could contribute to a mood of greater overall stability,” he said, “which could positively influence jittery financial markets.”

Turning to currencies, he expects the dollar to remain firm versus the euro in the first half of the year, then reverse those gains over the following quarters. While the yen appears set to strengthen, sterling’s fortunes will be decided when the ink dries on the final Brexit deal.

Against this complex macroeconomic backdrop, fixed-income investors will continue to struggle. Global equity markets appear set to record sustained roller-coaster performance, following a tumultuous fourth quarter, generating both nerve-rattling volatility and significant opportunities for steely investors.

Overall, according to Ilario Attasi, Head of Group Research at KBL European Private Bankers, KBL Luxembourg’s parent, annual earnings growth could potentially reach mid-single digits.

The outlook for Japanese stocks remains the most favorable among major regions, reflecting ongoing attractive valuations and solid profit growth. At the same time, he said, Europe looks like the region most likely to suffer from downward earnings revisions, following a disappointing 2018.

Given current market volatility and geopolitical uncertainty, said Group Chief Investment Officer Stefan Van Geyt, diversification has become a key driver of reduced portfolio risk. “With historically low correlation to the performance of both equities and bonds, alternative investments can play an important role in delivering such diversification,” he said.

“At the same time,” he said, “investors need to assess management’s willingness and ability to strategically allocate resources and maintain a long-term competitive advantage. That includes by reviewing relevant environmental, social and governance factors, which are strongly correlated with overall performance.”

Amidst slowing global growth, the outlook for commodities is mixed, Van Geyt concluded. “After seesawing in 2018,” he said, “we expect oil prices to remain under pressure, while gold should shine over the next 12 months.”

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KBL Luxembourg, a member of the KBL European Private Bankers group, is a leading private bank in the Grand Duchy.

Focused on preserving and growing the wealth of each client it has the opportunity to serve, KBL Luxembourg provides a wide range of holistic services, including wealth planning and structuring, credit, asset management, global market access, and institutional and professional solutions.

With some 300 professional staff, including 50 private bankers, KBL Luxembourg serves as a trusted wealth management partner, striving to meet the evolving needs of its clients each day and for generations to come.

For further information about KBL Luxembourg, please visit: <https://www.kblwealthmanagement.lu/>

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