MACRO OUTLOOK - Q1 2020

	REGION	OUTLOOK (- / N / +)	COMMENTS
EQUITIES	US	N	Despite having seen improvements at a macroeconomic level and underpinned by corporate earnings that are expected to continue, despite high relative valuations; we maintain our neutral outlook given that the market would be posed to await the long run developments of the electoral path until the presidential race on 3 November 2020. On the other hand, trade tensions haven't left the scene and continue to be an uncertainty factor.
	EUROPE	- → N	Led by the wave of positive economic reports and improvement of business and consumer sentiment, and providing a new sign of resilience, we have decided to increase the outlook from negative to neutral for the region. In this sense, Europe is back on the radar of international investors, showing inflows that confirm the opportunity. Anyhow, political issues such as Brexit still remain and continue to be a residual risk but with high potential impact.
	JAPAN	N	The japanese market still remains particularly vulnerable to China's slowdown, to which we can add an ultra expansionary monetary policy by the Bank of Japan, as well as political restrictions. Other challenges include slowing global growth and an upcoming increase in consumer taxes.
	ASIA Ex. JAPAN	N → +	We increased the outlook to positive, considering the region is one of the global economy's drivers on disruptive technologies, where it maintains a solid level of activity, good corporate earnings, and that the region would benefit in case trade tensions are finally resolved.
	EMERGING	N → +	In light of an expected signed agreement that closes the phase I potential resolution between the US and China, and following several quarters of trade and policital tension, we propose a positive stance in emerging markets, based on the strength of the Chinese economy coupled with very attractive valuations that confirm an entry opportunity.
FIXED INCOME	10 Yr TREASURY	N	We maintain our outlook faced with the current scenario of very low returns, with the FED adjusting to the needs of investors while no inflationary pressures can be observed. This scenario could change very quickly and we prefer not to maintain a bias on it, due to the risk it represents.
	INV. GRADE	N	With central banks acting once again as friends with the bonds market, we maintain our outlook unchanged. It's likely that this will persist and guarantee that bond returns will remain very low, even in some cases on negative ground for a while.
	HIGH YIELD	N	Unchanged waves of exapansionary monetary policy, the low rate environment and speculations over the path the FED might follow, lead us to maintain our outlook on high yield debt, given that the aforementioned factors make it difficult to find yields and drive investors to take on more risk.
	EMERGING	+	Emerging market debt continues to be our strong bet among the fixed income universe. The FED's moderate change has provided stimulus for local rates to recover and has helped local currencies to recover against the dollar, therefore making this segment very attractive to investors who seek returns with reasonable volatility levels.
OTHERS	COMMODITIES	N	Based on the diverse situations within the commodities set, once again we maintain our neutral outlook, based on the difficulty of the analysis of the category as a group. Analyst consensus does not foresee big changes for crude oil from current levels, a forecast with which we align with the exception of possible geopolitical problems. Agricultural commodities remain under pressure from international trade conditions and are highly dependant on climate factors. Meanwhile on the metals front, they continue to act as safehaven and moving to the rhythm of recession probabilities, gaining ground when generalized uncertainty resurfaces both on fixed income and equities.
	CASH	+	We maintain our positive stance on cash given the lack of conviction over risk assets and possible swings in the fixed income market, and we are convinced that maintaining cash reserves usually benefits the client in contexts of global and political uncertainty.

Current

Previous (if any changes)