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MACRO OUTLOOK – Q4 2021

	REGION	OUTLOOK (- / N / +)	COMMENTARY
EQUITIES	US	N	Although Q2 earnings have been solid we maintain our neutral recommendation. At current valuations we only foresee marginal improvements in expectations and therefore limited potential for continued positive surprises and additional growth.
	EUROPE	N	Vaccination rates continue to surprise positively, and we are viewing the region with a more positive sentiment. We are confident that Europe will avoid lockdowns and a slowdown in economic activity, giving it room to close the gap with the rest of the world as the region catches up on several fronts.
	CHINA	N	We maintain our stance of not holding direct positions in China, observing a slowdown in economic growth and overall activity, as well as in M2 and credit momentum. We prefer to steer clear of the material implications that could arise from a possibly stronger regulatory pressure on the stock market.
	ASIA	+	Asia remains the only market where we favor direct exposure. We continue to value gaining traction in Asian holdings in markets such as Korea and Taiwan, as their manufacturing outlook remains among the best, with low semiconductor inventories and a high global demand environment.
	EMERGING	N	Although valuations are attractive, vaccination rates remain low in overall terms, which combined with the idiosyncratic and political difficulties in various countries suggests that their economic recovery will be uncertain.
FIXED INCOME	10 Yr TREASURY	-	If the Fed begins tapering, this should provide a catalyst for higher yields (lower prices). Therefore, we continue to find no potential in nominal Treasury yields - yields in real terms should be more attractive amid diverging inflation expectations.
	INV. GRADE	-	Comments from the Fed's latest meeting are likely to add to market volatility and uncertainty. Spreads are extremely tight, and valuations are also at extremely high levels, dampening return potential.
	HIGH YIELD	N	Although the increasing impact of rising stars (HY credit upgraded to IG credit) could lead to spreads tightening further, we remain cautious since this impact is likely to fade as the market' s interest rate outlook reverses. We believe that certain laggard segments remain an attractive source of income in a yield-starved world.
	EMERGING	N	While overall credit conditions “seem benign" and reinforced by a slight shift towards possible easing in China, a potential stronger dollar and a less than efficient handling of the pandemic are not enough to shape our conviction. We only find the short end of the curve attractive and highlight our recommendation to avoid local currency risk.
OTHERS	COMMODITIES	+	The global energy market is still in deficit and inventories continue to deplete. As demand is expected to increase driven by a global return to production, our view remains favorable on cyclical instruments as the upside of the current recovery phase supports an increase in prices. On the other hand, inflation signals provide an interesting support for commodities, which have historically provided protection in contexts of changing trends in price levels.
	CASH	N	While we believe this is a time to remain invested, holding cash can provide a cushion against quick and unexpected market movements.

Current

Previous (if any changes)