

In Touch



BNP Paribas Asset Management' update for journalists Issue #287 – July 24th, 2017

WHICH WAY FOR FINANCIAL MARKETS IN THE SECOND HALF OF 2017?

In seeking to anticipate where the surprises may come from in the second half of 2017, here are some of the themes identified by our strategist, Daniel Morris, **Senior Investment Strategist**, for the rest of the year:

Again and again : political news in the US and Europe

The key worry for many in the markets following Donald Trump's entry into the White House was that election promises on trade barriers and immigration restrictions would ultimately hold back economic growth and outweigh pro-growth Republican party policies including deregulation and higher infrastructure spending.

Please [click here](#) to read the full article.

Implications of the glacial pace of unwinding non-conventional policies

In the immediate future, we do not necessarily see risks arising from the current very slow pace that central banks in major developed economies are taking towards normalizing monetary policy.

Please [click here](#) to read the full article.

Low volatility, high valuations

The one thing we can say with certainty is that whenever the VIX volatility index falls below 10 it will subsequently rise above it. Since 1990, the VIX has only dipped below 10 fifteen times, but six of those times have occurred in 2017, so it has been a year of unusually low volatility. Does that mean equity markets are due for a correction?

Please [click here](#) to read the full article.



Daniel Morris

Senior Investment Strategist
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Structural reflections on the mid-year market outlook

There are many reasons for the disappointing performance of Japan's equity markets over the last 20 years, and of its fixed-income markets too. The spur for the initial poor performance was not the market bubble itself (while Japan's was indeed quite large, other parts of the world have experienced their own bubbles), but the delayed reaction to it.

Please [click here](#) to read the full article.

Our asset class preferences at mid-year 2017

The conundrum continuing to face investors is that valuations for most asset classes remain high. We see equity markets as more attractive than fixed income primarily on a relative basis. Expected returns for equities over the medium term are still likely to be below historical norms. To the degree that portfolios can accommodate them, emerging markets are the most appealing assets, specifically Asian equities and emerging market local currency debt.

Please [click here](#) to read the full article.

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