Equity Market Outlook

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- A temporary stabilization of the European debt crisis and optimistic economic data from the U.S. reduce the likelihood of a further expansion of the monetary policy stimulus. The expected earnings growth rates based on the MSCI World (10.7% for 2012) remains relatively high. Positive triggers for the stock market should therefore be expected neither from the national banks, nor from the company's profits.
- Low valuations as well as the relative attractiveness of the stock market compared to the bond segment have a stabilizing effect. We expect a sideways movement of the stock market. Volatility could spread, however, if the European debt story or negative economic data become an issue again.
- Valuations remain attractive. At least in North America earnings revisions have turned positive. Meanwhile downside risks in Europe remain intact. Accordingly we hold a neutral allocation towards equities.
- Elections in France combined with weak PMI figures lead to an increasing uncertainty in Europe. We partly shift our European stocks allocation towards Pacific. Especially Japanese stocks are likely to benefit from a weakening yen. Given our positive economic outlook, we hold our equity overweight in North America.
- In North America we still expect an outperforming IT Sector. The sector could benefit from sound balance sheets and high investment demand.

Figure 1: Price-Earnings Ratios in comparison

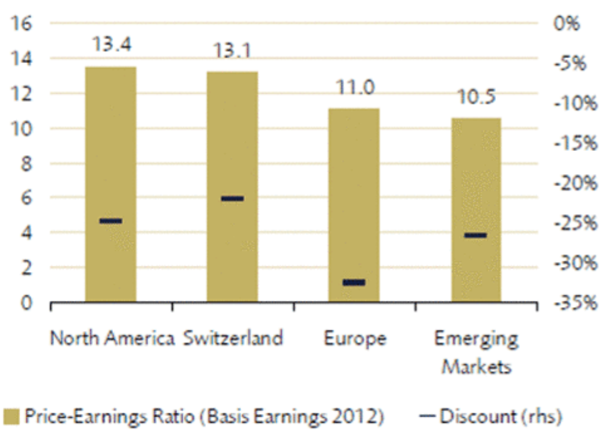

Figure 2: Trend Assessment Equity Markets

	March 2012	April 2012
Switzerland	→	→
Europe	→	→
North America	→	→
Pacific	→	→
Emerging Markets	→	→

More Information

- Investment Views in brief (PDF, 51 KB) 16.03.2012
- Financial market news

Contact

VP Wealth Management (Hong Kong) Ltd.
33/F, Suite 3305
Two Exchange Square
8 Connaught Place
Central - Hong Kong

Tel +852 3628 99 99
Fax +852 3628 99 11

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