Coutts Mid-Year Investment Outlook 2014: The Case for Vigilant Optimism

Thursday 5 June, 2014

Coutts today launches its Mid-Year Investment Outlook 2014, highlighting Coutts' view of the key investment themes that are emerging as we enter the second half of the year. The publication provides insight into the strategies long-term investors should consider and focuses on the room for optimism in global markets.

Arne Hassel, Head of Investments at Coutts, said “We believe the global growth recovery is still on track, with the recent US soft patch mainly weather-related and the Chinese slowdown inevitable but manageable. We also believe geopolitical concerns over Ukraine will have little market impact. But when assets are no longer cheap, even small changes in the backdrop can have a material impact on prices.”

Other key investment themes include:

The paradox of risk – 'Safe haven' assets in strong demand can become so expensive that you risk losing money holding them – it can be risky to play it safe.
The case for equities – Equities were lacklustre in the first half of 2014, but we still favour them over bonds as the global recovery continues.
Stretch for quality yield – Bond yields in general are so low that we are comfortable being underweight this asset class. Nonetheless, we still find attractive opportunities in some higher-yielding markets like emerging debt, and prefer European government bonds to the US and the UK.
The staying power of dividends – Growing dividends are a fundamental attraction of investing in equities in all kinds of markets. They are currently particularly appealing given low and falling bond yields.
Alan Higgins, Chief Investment Officer, UK at Coutts, added: “Shares remain better valued, under-owned and more likely to benefit from the continued recovery in global growth that we expect. In our view, the best opportunities are still to be found in Europe, particularly peripheral markets such as Spain and Italy, and Asia as it benefits from stabilisation in China.”

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Notes to Editors:

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