



**FOR IMMEDIATE RELEASE**  
**Citibank, N.A.**  
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## **2017 MARKET OUTLOOK: INVESTING IN A NEW ERA**

**BANGKOK** – Citi analysts expect the political and economic changes in 2016 to have important implications for investors. Expectations of higher bond yields suggest that bond investors should invest in short-duration bonds and become more selective. In equities, cyclical sectors such as Technology, Energy and Financials are likely to outperform. Citi analysts are underweight Europe equities given high political risks. They also believe that selected opportunities still lie in more commodity-reliant Emerging Market (EM) sectors.

Citi analysts expect a pickup in global real GDP growth from 2.5% in 2016 to 2.7% in 2017, as fiscal policy turns increasingly expansionary in the developed markets. Indeed, fiscal policy in the developed markets became expansionary in 2016 for the first time since 2010.

**Ms. Florence Tan, CFA, Head of Advisory, Strategy & Multi-Channel Communications, Citibank Asia Pacific** said “Higher inflation is expected to accompany an increasingly expansionary fiscal policy. This puts a pause to the extraordinary monetary easing cycle which we have seen across the developed economies since the Global Financial Crisis. However, outside of moderate rate rises in the US, other developed markets’ central banks are unlikely to raise rates any time soon”

EM is expected to grow 4.3% in 2017, up from 3.8% in 2016 as recessions fade in Brazil and Russia. China is likely to try minimising economic uncertainty in the lead up to the 19<sup>th</sup> Communist Party Congress in late 2017. EM is vulnerable to a stronger US dollar, higher US interest rates and potential trade restrictions from the US.

In 2016, the Leave vote in the UK’s EU referendum and the US election outcome reflect the rise of anti-establishment and anti-globalisation sentiment. Elections in Europe may raise these political risks in 2017.

Against expectations of a strong US dollar, US policy uncertainty suggests that periods of currency volatility can potentially create short term tactical opportunities for currency investors.

**Mr. Don Charnsupharindr, Retail Banking Head, Citi Thailand** said “Citi believes in the value of a globally diversified portfolio to help clients achieve the most efficient return. We support our global research view with a wide variety of funds where our clients can benefit most from the global trend. Here at Citi, clients can purchase both on-shore funds as well as more than 25 direct off-shore funds from reputed global fund managers. We are the only bank in Thailand that retail customers can purchase off-shore funds or off-shore bonds directly to optimize portfolio diversification.”

Given the changes in the global growth outlook and policy mix, investors may want to review their portfolios in light of the potential risks and opportunities 2017 brings. Please reach out to your Citibank relationship manager to discuss what the developments in financial markets mean for your individual portfolio.

**Table below shows the Economic Growth & Inflation Forecasts**

	GDP			Inflation		
	2016F	20 17F	20 18F	20 16F	20 17F	20 18F
<b>Global</b>	2.5%	2.7%	3.1%	2.2%	2.8%	2.6%
<b>US</b>	1.5%	1.8%	2.5%	1.1%	1.8%	1.9%
<b>Europe</b>	1.6%	1.5%	1.6%	0.2%	1.5%	1.4%
<b>Japan</b>	0.8%	1.1%	1.1%	-0.3%	0.6%	0.9%
<b>Latin America</b>	-0.6%	1.6%	2.8%	10.4%	6.9%	5.7%
<b>Emerging Europe</b>	1.3%	2.3%	2.7%	5.4%	4.6%	4.4%
<b>Middle East &amp; North</b>	1.3%	1.3%	2.6%	5.9%	5.7%	4.0%
<b>Asia</b>	5.8%	5.8%	6.0%	2.2%	2.9%	2.9%
<b>China</b>	6.6%	6.5%	6.5%	2.0%	2.6%	2.5%
<b>Hong Kong</b>	1.5%	1.8%	2.2%	2.6%	2.0%	2.2%
<b>India</b>	7.2%	7.4%	7.9%	4.6%	4.9%	5.1%
<b>Indonesia</b>	5.0%	5.3%	5.3%	3.5%	4.3%	4.4%
<b>Malaysia</b>	4.2%	4.5%	4.7%	2.1%	2.8%	2.3%
<b>Philippines</b>	6.9%	6.8%	7.0%	1.7%	3.0%	3.3%
<b>Singapore</b>	1.1%	1.2%	1.2%	-0.4%	1.0%	1.9%
<b>South Korea</b>	2.7%	2.4%	2.6%	1.0%	1.8%	2.0%
<b>Taiwan</b>	1.2%	1.6%	2.0%	1.5%	1.6%	1.8%
<b>Thailand</b>	3.0%	3.3%	3.6%	0.2%	1.7%	2.7%

Source: Citi Research. 28 November 2016.

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