

Executive Summary

Q1 JANUARY 2025

A tough year ahead for global equities?

By Chris Holdsworth, Chief Investment Strategist, Investec Wealth & Investment International and member of the Global Investment Strategy Group

The Global Investment View distils the thinking of the Global Investment Strategy Group (GISG) that brings together the insights of Investec Wealth & Investment's professionals in the UK, South Africa and Switzerland. The Group meets quarterly to map out our outlook over the following 18 months, setting a risk budget and identifying some of the potential icebergs that lie in the global investor's path.

The GISG kept its global risk budget score at -1 on a scale of +3 to -3, while the SA risk score was maintained at 1.5 on a scale of -3 to +3

Summary:

US GDP growth has been resilient and earnings growth has been strong. The current consensus forecast is for double digit earnings growth in the US over the year ahead and GDP growth of around 2%.

However, the Fed has signaled that it is likely to adopt a cautious approach over the year ahead, dimming the prospects of further sizeable rate cuts. US fiscal pressure is building and the outlook for US commercial real estate assets is cloudy, even if systemic risk is limited. Despite the risks, the US market offers little to no margin of safety, in our view. We see better opportunities outside of the US and have remained risk-off globally.

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