Economic Update

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Outlook for Investment Markets

World equity markets — despite a setback at the outbreak of acute tensions over North Korea — have continued to make progress as the world economy continues to improve, particularly in the eurozone and Japan, and building on ongoing growth in the United States. Bond markets have also been encouraged by signs that central banks are being very careful about working interest rates up from previously very low levels. The main challenge is valuations, which remain expensive across many asset classes, and which do not appear to be making appropriate allowance for geopolitical or other risks. The New Zealand economy has continued to do well, but it is becoming harder for corporates to generate profit growth as late-cycle cost increases kick in.

New Zealand Cash & Fixed Interest — Review

Short-term interest rates are yet again unchanged, as the Reserve Bank of New Zealand has continued to keep the official cash rate at 1.75%, most recently at its August 10 Monetary Policy Statement: 90-day bank bills are yielding just under 2.0%. Longer-term bond yields have continued to track the evolution of the U.S. bond market, falling in line with U.S. yields as the 'Trump trade' wore off, and stabilising in recent weeks, with the local 10-year government bond yielding 2.9%. The New Zealand dollar is marginally (-0.7%) weaker for the year in overall trade-weighted value. Although it has gained 4.9% against the globally weak U.S. dollar to its current USD 0.731, it has been weaker against most other major currencies (particularly against the euro), and the two trends have effectively cancelled each other out.

New Zealand Cash & Fixed Interest — Outlook

At the Monetary Policy Statement, the RBNZ was clear that it is contemplating no change in policy for some time: "Monetary policy will remain accommodative for a considerable period", and its forecast track for the OCR shows it being held at 1.75% all the way out to late 2019. The financial markets are not so sure that the bank will in fact stay its hand for such a long time, given that the economy is performing strongly and that capacity constraints, and higher inflation, could happen faster than the bank currently expects. The futures market is pricing in a 0.25% increase in the OCR a full year earlier than the bank anticipates, in late 2018. But either way investors are likely to see little near-term change in short-term interest rates.

Local bond yields are likely to go on shadowing U.S. developments. While expectations about rising U.S. interest rates have been pared back a bit, given that American inflation has eased back a little and the Fed is likely to be taking an even more cautious approach to removing monetary stimulus, the odds are still that U.S. bond yields are headed higher. The latest consensus forecast for 10-year yields in the U.S. is for a rise of about 0.7% between now and the end of next year, which would translate into our local yield rising to around 3.6%.

The RBNZ said in the latest Monetary Policy Statement that it does not want the NZD to continue trading at current levels — "The exchange rate remains higher than is sustainable for balanced growth in the economy and continues to dampen import prices and tradables inflation" — and has even said that if some circumstances it would be prepared to cut local interest rates if the New Zealand dollar got too high. While it does not have a strong control over where the New Zealand dollar travels next — the bank mentioned that interest rate differentials, the global state of the U.S. dollar, commodity prices, and perceptions of New Zealand and global economic growth have all had a hand in setting the New Zealand dollar's value — a central bank keen to see the currency lower is probably as good a hint to its future as anything else.

New Zealand Property — Review

Listed property markets in many countries had sold off earlier in the year as it appeared bond yields were set to rise significantly: More recently, expectations of bond yield

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rises have been wound back, and property has done rather better. Year to date the S&P/NZX All Real Estate Index has had a modest capital gain of 3.1% and a total return of 5.7% (6.3% including the value of imputation credits). The sector substantially underperformed the 14.6% with-imputation return from the overall share market.

New Zealand Property — Outlook

Current operating conditions for the sector remain very robust. Colliers' latest (August) commercial property research report points out, for example, that most sectors are operating at high occupancy rates, and although there has been a modest expansion of new office supply in Auckland, leading to a modest increase in the vacancy rate, in most sectors and regions available space is very limited. Colliers said, for example, that there is almost no prime office space available in Wellington, and it also noted that the ongoing expansion in manufacturing (as shown by the strong readings from the BNZ/BusinessNZ index of manufacturing) has been "hugely beneficial for the industrial property sector as manufacturing businesses provide a large portion of tenants for industrial premises".

The modest investment returns from the sector clearly have little to do with the strength of the business cycle, but are linked to ongoing concerns over prospective increases in bond yields, to investor preference for less defensive stocks when the overall share market has been performing strongly, and, to some degree, to the potential impact of the likes of Amazon. As a Forsyth Barr report (quoted by Colliers) says, "Amazon is the largest ecommerce player globally, and its entry has the potential to accelerate ecommerce penetration in NZ and exacerbate this structural headwind for traditional bricks and mortar retail offerings". Other than the possibility that investors may turn from what are now quite expensive shares in the rest of the share market, it is not obvious that there is a catalyst on the near-term horizon that will improve the property sector's underperformance.

Australian & International Property — Review

While the A-REITs have had a reasonably volatile year in line with evolving expectations about bond yields, the end result is that year to date the sector has performed poorly in both absolute and relative terms. The S&P/ASX A-REITs Index has delivered a capital loss of 5.0% and an overall loss (including the value of dividend income) of 1.8%. Its total return lagged the 3.9% gain for the S&P/ASX 200 Index.

Global listed property has picked up from its June/July sell-off as investors have revised their views of how quickly and how far bond yields might rise, and are no longer quite as worried as previously about the competition from improved yields on bonds. Year to date the FTSE EPRA/NAREIT Global Index in U.S. dollars has delivered a total net return (including taxed dividends) of 8.3%, which underperformed the 12.8% net return from world shares overall. There were pronounced differences between regions: The key U.S. market contributed very little (0.7%), and Japan recorded a loss of 2.7%. The gains from the sector came predominantly from the emerging markets (up 33.0%), with Asia ex Japan very strong (up 26.4%), with an additional contribution from the eurozone (up 20.8%) on the back of an improving eurozone economy and a higher euro against the U.S. dollar.

Australian & International Property — Outlook

Commercial property operators, as polled in National Australian Bank's latest (June) quarterly survey of the sector, appear to be rather optimistic types: although the economy is doing only moderately well, confidence levels remain well above their long-term average, and property professionals expect conditions to get progressively better over the next two years.

Unpacking the survey in more detail, however, reveals that confidence levels do not bear a strong relationship to likely investment performance: the outlook is quite downbeat. The office sector, particularly in Sydney, looks to have the best of it over the coming year, as vacancy rates are

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expected to fall, but even for offices expectations are quite limited, with the survey indicating a likely rise in national office rents of 1.9% over the next year and a 1.8% rise in capital value. The outlook for industrial property is more modest again (rents up 0.6%, capital value up 0.7%). And the retail sector faces downright difficult conditions, with rents expected to fall by 0.2% and vacancy rates expected to rise.

NAB commented that the poor prospects for retail are partly cyclical — there is a "lacklustre outlook for household consumption given headwinds from elevated household debt and a continuation of subdued wages growth" — but there are also longer-term forces at play. As a swath of recent reports have pointed out, e-commerce is a major threat to the sector, particularly with the arrival of Amazon in Australia. The author of one of the reports, from BIS Oxford Economics, said that as a result of these cyclical and longer-run factors, she expected "shopping centre net income growth to barely keep pace with inflation over the next five years, with probably more downside than upside risks to those forecasts". Between the prospect of ongoing subpar growth, existential threats from online shopping, and potential competition from modestly higher bond yields, the A-REIT sector is likely to continue to underperform.

Global property in general has been doing well as the global economy has continued to improve. The Royal Institution of Chartered Surveyors' latest (June) quarterly survey of global commercial property shows especially strong investment and occupier demand, and correspondingly high levels of expected capital gain and rent increases, in a range of European cities, notably Dublin (a beneficiary of U.K. forms looking for a post-Brexit domicile), Budapest, Munich, Berlin, and Madrid, and in some large emerging-markets cities led by Bangalore and Mumbai. The list tallies with the main sources of recent share price gains (the eurozone and emerging markets). A small subset of cities has missed out (Doha, Dubai, Singapore, Zurich) but in general the firming world business cycle has been lifting all boats.

However, the critical issue for the sector is stretched valuations against a background of likely higher global bond yields. While investors are no longer worried about imminent sharp rises in bond yields, the yield on global listed property (3.75%) is still quite low, and remains vulnerable to even the more modest increases in bond yields that now look likely.

Global Infrastructure — Review

The S&P Global Infrastructure Index in U.S. dollar terms has continued its strong run, outperforming global equities as a whole, and year to date is up 14.7% in capital value and up 17.0% in terms of net return including taxed dividends.

Global Infrastructure — Outlook

As the performance figures show, infrastructure has lost none of its attraction for investors. Even though one of its earlier drivers — the idea that a Trump administration would, in line with its campaign promises, splurge on new American infrastructure projects — has foundered on the subsequent dysfunction of the incoming regime, it has found other bases of support.

As with equities more generally, the improving global outlook has improved the prospects for the sector, and fund managers in particular have been encouraged by the pickup in eurozone business activity. As infrastructure managers RARE said in their latest monthly report, "We expect the continued accommodative monetary policy in Europe to provide an attractive investment environment for select European utilities and to support economic growth in the medium-term (solid but unexciting growth). This supports the valuations of economically sensitive securities, namely toll roads, airports, communications and rail stocks".

Expensive valuations could, in principle, bring a halt to festivities: the sector is currently trading on pricey metrics

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(a P/E ratio of 21.3 times prospective earnings and a dividend yield of 3.64%, on Standard & Poor's latest estimates). But investors seem in no mood to sharpen their pencils: Infrastructure is still heavily favoured as an 'each way' bet offering some yield in a low-yield world and some cyclical exposure to the firming global business cycle. With an ongoing weight of money and sentiment behind it, it may continue to outperform even on valuations that are increasingly fragile.

Australasian Equities — Review

After a quiet opening period to the year, it has been steadily onwards and upwards for New Zealand shares, reflecting the dominant impact of the robust local business cycle. The S&P/NZX50 Index is up 11.2% year to date in capital value and up 13.6% in terms of total return (14.3% for investors who can access imputation credits).

In the less-robust Australian economy, however, Australian shares have shown little net movement year to date, as a rally in April and early May was not sustained, and prices more recently have oscillated around their opening-year level. Formally, the S&P/ASX200 Index is up 1.6% in capital value and up 3.9% in total return, but the apparent capital gain more reflects day to day volatility than any underlying trend. The 'old economy' of the industrial stocks has fared best (up 10.4%) while the 'new economy' of IT shares has also done well (up 8.5%), but it has been difficult for the overall index to make much ground carrying the dead weight of the financials, which make up 38% of the index and are marginally down (-0.1%) year to date. The miners are also ahead (up 5.4%): although export commodity prices have been falling in Australian dollar terms since the start of the year, they are still well up (13.4%) on their year-ago levels.

Australasian Equities — Outlook

The New Zealand economy continues to truck along. The latest (July) BNZ/BusinessNZ performance indexes for manufacturing and services continued to show both sectors growing strongly, though not quite as quickly as before (bad winter weather seems the likely culprit). The ANZ Bank's July business outlook survey was also strong: "Firms remain very upbeat about their own prospects, and are keen to hire and invest. Growth prospects across the economy remain firm".

Consumer sentiment is also robust, with the ANZ Roy Morgan measure for July, seasonally adjusted, at its highest level since September 2014: "Perceptions towards the economic outlook remain strong. Net optimism towards the economy one year out dipped from +25 to +23 [readings above 0 reflect more optimistic than pessimists], which is neither here nor there, and when assessing the five-year economic outlook, optimism held at +23, which is well above the average since 2015".

For the RBNZ in its latest Monetary Policy Statement, this (after a temporarily downbeat March quarter) all adds up to a strong outlook: "Growth is expected to improve going forward, supported by accommodative monetary policy, strong population growth, an elevated terms of trade, and the fiscal stimulus outlined in Budget 2017".

How much of this growth is translating into increased corporate profitability and hence to further progress for equity prices is, however, becoming more of an issue. Companies, particularly in the construction sector, appear to be running into capacity constraints and are facing increased costs as a result. This is putting a damper on corporate profits, at a time when equity valuations are high: On Standard & Poor's latest calculation (end July) the NZX50 index was trading on a P/E ratio of 17.4 times historical earnings, and on 20.8 times prospective earnings.

As J B Were pointed out, in a recent widely noted research report, growth in corporate earnings per share peaked some time back (in early 2016), and have dropped sharply since: profits are currently not showing any growth on a year ago. J B Were said that "Our concern is that current equity valuations have baked in about all the good news it

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is possible to see, and then some. Consequently a long period of low returns (0% to +5%) is a plausible scenario". A global environment friendly to equities may mean the recent strong performance of New Zealand equities still has investor support, but J B Were's conclusion that the best is behind us looks to be a reasonable conclusion.

In Australia, the very modest gains in share prices, at a time when other developed economies' markets have generally been rising faster, reflect the difficulty the local economy has faced in breaking out of its post-mining-boom slowdown. Although there are some promising signs that business conditions are, finally, taking a clear turn for the better, consumer sentiment remains weak, and the equity market may continue to be side-lined by ongoing subpar growth.

On the business side, recent surveys have been clearly positive. NAB's July business survey found that both business confidence and actual business conditions (trading, employment, profitability) have improved: "Business conditions rose by 1 point in June to hit +15 index points, which is the highest level for the series since early 2008". The Commonwealth Bank's purchasing manager's index for July "remained well above the 50.0 no-change mark to signal strong growth of the combined output of the manufacturing and service sectors", and the similar sectoral indices compiled by the Australian Industry Group showed that manufacturing, services, and construction were all growing faster in July.

For the Reserve Bank of Australia, the economy is finally starting to pick up speed: as it said in its recent Monetary Policy Statement, "The economy is expected to grow at an annual rate of around 3 per cent over the next couple of years, which is a bit higher than estimates of potential growth [i.e. the rate of growth the economy can maintain without strain over the longer haul]". If correct, it could be the catalyst for improved equity performance.

But there are still grounds for caution, particularly around the behaviour of the household sector. The August readings from the Westpac Melbourne Institute survey of consumer confidence showed that "The consumer mood has deteriorated over the last year with August marking the ninth consecutive month where pessimists are outnumbering optimists. We have not seen such a succession of weak reads since 2008", and "Much of the weakness is likely to reflect a mix of weak growth in wages; increases in key costs such as electricity and emerging concerns about rising interest rates". Combined with the latest (July) soggy readings from the Westpac Melbourne Institute leading indicator, the outlook "currently seems to be more consistent with our own view of the likely growth environment in 2018 than the forecast recently released by the Reserve Bank which is pointing to above trend growth in 2018 at 3.25%. Westpac is currently forecasting growth of 2.5% in 2018. Trend growth is generally assessed as 2.75%".

So the economy is still not clearly out of the woods. Ongoing subpar growth is not the end of the world, but it will likely go on constraining corporate profit growth. On Credit Suisse's assessment, for example, earnings per share for the ASX200 will rise by only 2% in 2018 and by 1.0% in 2019. This is unlikely to set investors' hearts racing, and they will likely need strong evidence of clearly faster economic and profit growth before committing to increased investment in the market.

International Fixed Interest — Review

In the U.S. bond yields have been steady in recent weeks, and the 10-year Treasury yield has traded around the 2.25% mark. The North Korean flare-up led to a brief episode of safe-haven buying, when the yield dropped to under 2.2% on August 11, but yields have since moved back to where they were beforehand. There were similar transient drops in other government bond markets as the geopolitical risk initially prompted buying, only to be reversed on later reassessment. The bond markets were the mirror image of

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the equity markets, which initially sold off, but subsequently recovered.

Year to date, returns have mainly reflected a waning belief in the 'Trump trade', which at one point had seen the U.S. 10-year yield go as high as 2.6% on expectations (subsequently disappointed) of a large and early fiscal boost to the U.S. economy. The retreat from the earlier optimism means that U.S. bond prices have risen as yields have come back to earth. On the other hand, the European Central Bank has signalled that the days of ultra-easy money in the eurozone are coming to an end, and eurozone bonds have dropped as yields have risen: The 10-year German government bond yield is up roughly 0.25% since the start of the year. A further moving part has been a compression of corporate credit spreads as investors have hunted out pockets of yield. Recent bond issues for Amazon (heavily oversubscribed) and for electric-car maker Tesla (increased in size) show investors' ongoing love affair with anything that beats the exceptionally low yields on bank deposits and government bonds.

The net effect has been that the Bloomberg Barclays Global Aggregate indexes in U.S. dollars are showing reasonable gains for global bonds, with global government bonds returning 6.4% year to date and global corporate bonds 6.7%. Emerging markets have been a popular option, and have returned 6.3%, while global 'high yield' (low credit quality) has returned 7.8%.

International Fixed Interest — Outlook

The outlook for international fixed interest will be dominated by two factors. One is the improving world economy: As discussed in the international equities section, the global outlook is improving, and the likelihood is that stronger business activity will ultimately lead to higher inflation (to some degree) and to investors requiring higher yields to compensate. The other, which is linked, is that central banks will no longer need to keep interest rates at unusually low levels, given that the global economy appears to be righting itself. Central banks are, however, moving a bit more cautiously than bond market investors had previously feared.

The Fed in particular remains likely to stay on its cautiously tighter path for monetary policy. The minutes of its July 25-26 meeting showed that there was some internal disagreement about whether another 0.25% increase in the federal-funds rate will be necessary. Some of the policy committee members have been pointing to inflation dropping back below the Fed's 2% target, given that the Fed's preferred inflation measure has dropped from 2.2% in February to 1.4% in June, and have been questioning whether further tightening is necessary.

But the majority appears to be staying with a gradual tightening path, and in any event all members have agreed that another element of progressive tightening — a windback of the Fed's 'quantitative easing' bond buying programme — will get under way "relatively soon", possibly as soon as the Fed's next meeting, on September 19-20. The futures market (going by the FedWatch indicator compiled from interest-rate futures prices at the Chicago Mercantile Exchange) has taken note of the Fed's recent internal debates, and now rates the chances of a 0.25% increase at the Fed's final meeting of the year on December 13-14 at roughly 50:50, rather than odds on as seemed likely earlier this year. Even if the timing and scale of increases are being wound back a bit, however, the ultimate direction of travel still seems clear: An economy now at only 4.3% unemployment looks unlikely to need the fed funds kept as low as 1.0%-1.25%, its current target range.

The EBC is currently being rather coy about exactly when it will move and what it will do — "Don't set dates. We need to think. We need to have lots of information we don't have today. There is a lot of uncertainty around", said ECB President Draghi after the latest (July) monetary policy meeting — but the general expectation is that it will start with an announcement that the ECB will be winding back

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its bond-buying programme, with any eventual interest-rate hikes later in the piece.

The Bank of England is also clearly tiptoeing up to a tightening. At its latest policy meeting on August 2, it noted that inflation at the moment is 2.6%, is expected to rise to 3% by October, and will remain above the Bank's 2% target. As a result, "some tightening of monetary policy would be required to achieve a sustainable return of inflation to the target". While all the of the eight voting members of the policy committee "agreed that any increases in Bank Rate would be expected to be at a gradual pace and to a limited extent", two of them voted for an immediate 0.25% increase. The other six voted to keep rates where they are, but clearly the first increase cannot be far away.

The outlook for bond markets is consequently challenging. As the North Korean issue has shown, they still have portfolio insurance value, and pessimists about geopolitics will want to maintain their exposure. But the fundamentals are running against the asset class. The eventual rise in bond yields may not be as large as investors once dreaded — the latest (August) poll of U.S. forecasters run by the *Wall Street Journal*, for example, sees the U.S. 10-year yield rising by 0.3% by the end of this year and by a further 0.4% during the course of 2018 — but it looks to be on its way.

International Equities — Review

World shares had been performing strongly up to early August, based on an improving world economy and lower levels of investor concern about potential tightening of global monetary policies: at its peak on August 7, the MSCI World Index (in the local currencies of its components) was up 9.4% since the start of the year. At that point, however, North Korea emerged as a worrying issue, and in the following four days knocked almost 2% off the value of global shares. At time of writing shares had partly recovered from the immediate geopolitical shock, and the MSCI World Index is now up 8.3% year to date in local currency terms, and by 11.3% in U.S. dollar terms (12.8% including the taxed value of dividends).

Among developed markets, the initial enthusiasm around the 'Trump trade' may have faded somewhat more recently, but U.S. equities have continued to do well, reflecting ongoing American economic growth and good growth in corporate profits, and year to date the S&P 500 is up 10.1% in capital value. European shares, which had risen strongly in the first half of the year on faster eurozone growth and the unexpected election of French President Emmanuel Macron, have been slipping in recent months, and are now showing only modest gains for the year: the FTSE Eurofirst300 index is up 3.5%, with German shares up 6.1% and French shares 5.7%. Brexit uncertainties have continued to affect U.K. shares, with the FTSE100 Index also confined to a relatively modest gain of 3.4%. In Japan, it has been a market of two halves, weak early on and stronger since mid-April, but the two phases have roughly cancelled each other out, with the Nikkei Index up only 3.3%.

Emerging markets have continued to do very well, with the MSCI Emerging-Markets Index now up 17.9% in the emerging markets' currencies and by 22.1% in U.S. dollars. Investors did not have to stray far off the beaten path to access good emerging market performance: the four key BRIC economies were up by 24.4% in U.S. dollars, with India and Brazil accounting for virtually all of it. China's market registered only a small gain (Shanghai Composite up 4.8%), while Russian prices fell, principally reflecting the low world oil price.

International Equities — Outlook

The economic outlook continues to support equity performance, with good news out of the U.S., the eurozone, and Japan.

The American economy continues to perform well. The key market indicator is the monthly employment release, and recent data have been positive, with 209,000 new jobs in

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July (more than forecasters had expected) and a further fall in the unemployment rate to only 4.3%. Other data have also been supportive, notably the latest (July) retail sales numbers, which were much stronger than expected and which showed that the firming labour market is leading to higher-spending households.

The good economic news is flowing through to corporate profits. According to U.S. data company FactSet, the companies in the S&P 500 had a 10.1% year-on-year increase in earnings per share in the June quarter (7.8% excluding the distorting impact of a massive improvement in profitability in the energy sector). The outlook for ongoing profit growth looks good: share analysts expect that earnings per share for 2017 as a whole will have grown by 9.5%, and they expect an end-year level of 2697 for the S&P 500, which would be a 9.4% gain from its current level. Profits per share are also expected to rise further in 2018, by 11.1%.

Good news in the U.S. carries more weight than in other markets — U.S. share valuations are particularly high, and good profit outcomes are essential to meet investors' high expectations — but it has also been buttressed by better-than-expected outcomes elsewhere. The previously struggling eurozone is showing every sign of a decent improvement in economic activity: The first ('flash') estimate of year-on-year growth for the June quarter was 2.2%, higher than forecasters had anticipated and faster than the March quarter's 1.9%. And Japan, which has had an on-again off-again pattern of growth, has finally managed to string six successive quarters of economic growth for the first time in over a decade, with gross domestic product growth running at a 4% annualised rate in the June quarter, ahead of the 2.5% expected.

While the economic outlook remains favourable, the global equity market nonetheless faces a major challenge: underappreciated levels of risk. The International Monetary Fund, in its latest (July) update to its flagship *World Economic Outlook* Report, agreed that the outlook is supportive — "Economic activity in both advanced economies and emerging and developing economies is forecast to accelerate in 2017, to 2 percent and 4.6 percent respectively" — but it also pointed to a variety of risks which may not be a big issue in the very near future but could be problematic later on, or as the IMF put it, "Short-term risks are broadly balanced, but medium-term risks are still skewed to the downside". In particular, the IMF said that "protracted policy uncertainty or other shocks could trigger a correction in rich market valuations, especially for equities, and an increase in volatility from current very low levels".

Fund managers feel the same way. In the latest (early August) Bank of America Merrill Lynch poll of global fund managers, a record 46% of them said that equity markets are overvalued (they are particularly avoiding the U.S. and the U.K, preferring the eurozone, emerging markets, and Japan). And they see a number of risks, headed by policy mistakes at one of the major central banks, a bond market crash if bond yields were to move smartly from their currently unusually low levels, and the geopolitical threat of North Korea.

The IMF's comment about unusually low volatility also suggests that investors may be underestimating the true scale of risk. The VIX Index, which measures how much share price volatility investors expect to encounter from holding the S&P 500, continues to track at very low levels. On a scale where a reading of 80 is extreme (depths of the global financial crisis) and 40 is worrying (Greece/eurozone financial crises), the VIX only hit 16 at the height of alarm about North Korea, and has since dropped back to 11.7, which is effectively an 'all clear on the horizon' reading (the index rarely trades lower than 10).

On the plus side, this could be read as showing that share prices will continue to be resilient no matter what surprises emerge from Pyongyang or elsewhere. More realistically, it likely reflects a short-sightedness about potential upsets. While Investors have some basis, on the macroeconomic

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outlook, for an 'all going well' approach to world shares, the outlook is likely to be bumpier than current complacency allows for.

Performance periods unless otherwise stated generally refer to periods ended August 15 2017.

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