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**What's in store for investors in the second half of 2019?**

Since the start of 2019, investment markets have experienced a strong rebound, delivering robust performance across global equities and bonds. One of the key events for investors has been the change in central banks' policies, with the US Federal Reserve (Fed) and other central banks 'pivoting' towards a more favourable stance. As a result, corporates and consumers have had access to affordable credit, which has facilitated growth.

So far so good, but what will the [second half of 2019](#) bring for investors? **Joseph Little**, *global chief strategist at HSBC Global Asset Management*, looks at three key themes he believes will shape the markets in the months to come.

➤ **Misplaced macro pessimism**

Many investors remain anxious about global growth and the risk of a recession, but we believe these worries are excessive. A combination of reasonable global growth, solid corporate fundamentals and supportive monetary policy means that the prospect of a recession looks more like a risk for 2021 or beyond. We expect global equities to continue to offer relatively attractive returns and stabilising global economic activity to support corporate revenue growth.

➤ **Inflation is the neglected risk**

We don't expect inflation to increase significantly in the near term, but it wouldn't take much of an upward surprise in inflation or interest rates to change the current pricing in fixed income assets, such as bonds. The main problem is that our analysis suggests investors are not being rewarded for their exposure to interest rate risks in several sectors of the bond market.

➤ **The upside is in emerging markets**

Currently, we see significant opportunity in emerging markets. Growth in emerging economies seems to be recovering, led by improvements in China. Geopolitical uncertainties will still pose challenges, but we think that a number of asset classes are relatively attractively-priced and have the potential to outperform if key risks don't materialise. Nonetheless, worries over risks may limit return potential in the near-term.

Looking ahead, investors need to monitor how policy and economic growth evolves, alongside corporate fundamentals and political risks. To a certain extent, investors have to get used to ongoing political uncertainty and the risk of phases of volatility in investment markets. It's very likely that these challenges persist through 2019 and into 2020.

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Click [here](#) to read the full report of the Mid year Investment Outlook in Greek.

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