How we did in 2013

Our Prediction	What Happened	Score
Global growth in the developed nations to be muted with GDP figures close to 2% reflecting deleveraging of household consumer debt coupled with actual and potential austerity measures for governments may prove a difficult environment for earnings growth.	Growth was muted as predicted but with divergences across countries. The UK & US improved significantly, especially in the 2nd half of the year, however the wider Eurozone disappointed as a whole.	**4/5**
Corporate balance sheets in many areas of the globe are showing strong revenues and cash flows and as such with demand varying we believe the equity indices for most markets to finish up in 2013 with highs of S&P 1600, FTSE 6500, HANG SENG 26000, Euro first 300 1250, NIKKEI 225 12,000	A strong year for equity markets which saw many indices hit all time highs by May followed by volatility surrounding Fed tapering comments and the ongoing conflict in Syria.	**4/5**
Inflation and interest rates to remain subdued in developed economies. In the US additional stimulus and improved business and consumer confidence may lead to upward pressures on inflation particularly on prices for imported goods and services from late 2013	Benign inflation persisted in the US (aided by low fuel prices) as well as the other developed economies, with figures well below government targets. Governments maintained low interest rates.	**5/5**
We believe 2013 will be an uncertain period for the Euro Zone in general with key elections in Italy and Germany likely to generate volatility. Although starting the year with lower volatility and increased optimism, we feel there are many headwinds and challenges both political and policy facing the region as a whole. The ECB with the OMT's have reduced the likelihood of 'tail risk' events. We don't expect the Euro Index to gain much ground, but believe there will be opportunities both in bond and equity positions at a regional and sector level	European indices surprised to the upside in 2013, buoyed by the stronger than expected recovery from the UK, perceptions of a turnaround in the Euro region as a whole and an interest rate reduction that was a surprise to the consensus. Sentiment improved in Germany following elections and the countries fundamentals came to the fore with the country highlighted as one of the key regions towards the latter part of the year. High yield corporate debt remained one of the few attractive bond investments in 2013.	**4/5**
A US downgrade is a distinct possibility and we feel any political solution will prove prolonged but solvable. The financial effect of this very much depends on the momentum and sentiment behind the downgrades but we feel if more than one agency downgrades, institutional investors may be forced to move bonds to fund higher rated government Bonds. The latter may also be true for the UK.	US debt was threatened in 2013 with credit ratings agencies issuing warnings but downgrades were avoided as congress reached agreements to raise the debt ceiling throughout the year.	**3/5**

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Technology driven advances particularly in mobile technology could be a strong trend in 2013 with online mobile technologies increasing fixed line rentals for the first time in history. There is the added attractiveness of online purchasing which is also an increasing trend.	The trend in technological advances was evident in the performance of the companies directly involved, with the major tech index, the NASDAQ, up 38% in 2013. Throughout the year there was also a growing trend of companies reporting more online sales and investment in technologies to take advantage of this growing source of revenue.	**5/5**
Yields in government Bonds throughout the developed markets to remain low and spreads tight with very low improvements in yield until interest rate expectations change, thus forcing investors to look more towards developing markets for higher yields where longer term risk/reward ratio is favourable. The risk of inflation increasing which we feel may add to the negative outlook	The bond market was very much behaving as predicted until the end of May when the Fed un-expectantly made comments regarding the introduction of tapering to their QE program. This resulted in levels of volatility to the market not seen for some time and led to a spike in US bond yields as well as uniform outflows from emerging market debt. After the initial shock investors returned to the high yield corporate debt sector, with developed Europe the favoured region.	**3/5**
We feel that even with significant growth in China, consensus forecast to be 7.5%, we are still very wary that with slower economic growth and social effects for the average Chinese worker and restructuring through change of political leadership will need a more sustainable economic model going forward.	China significantly lagged most markets in 2013 with the regions index down approximately 6.75% for the year. Slowing growth and the viability of the introduction of new reforms made the area less attractive to investors.	**5/5**
In the short term we predict Gold to continue its sideways trend towards between \$1550 and \$1800 per ounce and feel the longer term outlook may be adverse and in line with the reduction of Central Bank stimulus through many economies.	Gold slid throughout 2013,as the adverse conditions for the asset occurred quicker than expected. Stronger growth in the developed regions led to reduced appeal for traditional safe haven assets such as gold, coupled with the slowdown in China meant the gold price finished 2013 around \$1200.	**3/5**
Currency 'wars' look set to continue given most countries that are able to want to weaken their currencies in an attempt to boost their exports through lower prices. We expect the Euro to appreciate against a weakening \$ dollar to around 1.40 mark within the next 12 months.	US taper talk dominated 2013's FX markets with a number of emerging market currencies adversely effected. The euro strengthened against the dollar by over 4%. JPY weakness continued with 'Abenomics' and continued to boost exporters.	**5/5**