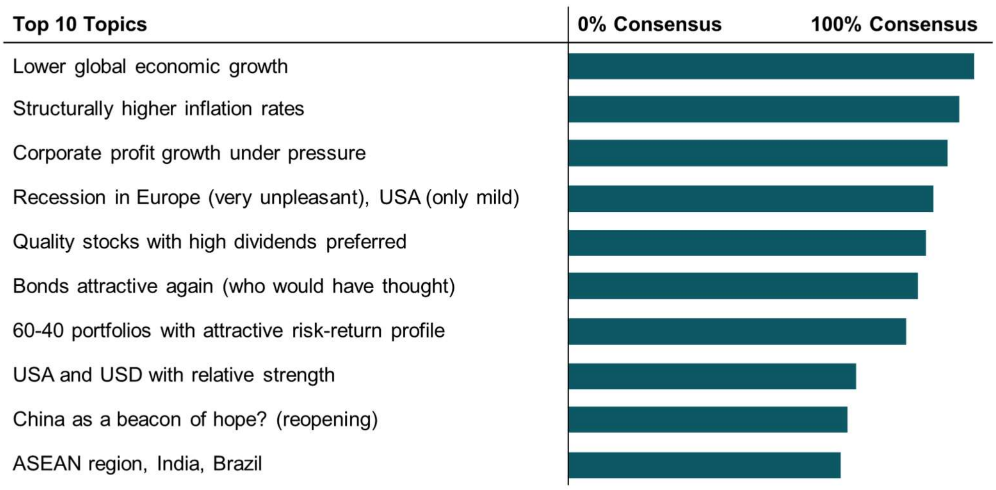
PRIO PARTNERS

BODMER CETTIER

Zurich, 30.11.2022

IC No. 31 – Outlook of the Outlooks 2023

In the last outlook for 2022, some developments tended to be estimated correctly (such as a strong dollar, rising real interest rates and increased volatility), but the risks were underestimated (partly due, of course, to the fact that the Ukraine conflict has exacerbated many problems). This picture looks different for the 2023 outlook. Our summary of the top 10 topics from a diverse mix of banks and asset managers shows a much more cautious approach. At the same time, the consensus also reflects the changed realities in terms of growth, inflation and interest rates. As the market has adjusted price levels this year (value vs. growth stocks, energy vs. tech), valuations have become more attractive (but still not extremely cheap). The market consensus recommends cautious positioning in high-dividend stocks as we move into 2023, as well as an allocation to bonds. The consensus sees multi-asset, multi-strategy approaches with advantages in a market environment with lower growth rates and structurally higher inflation rates.



One question we ask ourselves in compiling the outlook of the outlooks is the following: if the consensus of market participants is as described above, are investors acting cyclically by positioning themselves the same way? We believe that some positioning, such as in defensive and high-dividend stocks as well as bonds, is correct. Market participants are reluctant to align themselves accordingly. The same has probably been true to date with the weighting of the energy sector in most private portfolios. It's a case of too little, too late. Investors have burned their fingers on China in recent years. At today's level, we see room for a tactical entry. The question of whether one then wants to be invested in China in the long term is something we leave open. We also see interesting prospects for countries such as India and Brazil as well as the entire ASEAN region.

As always, we hope that we have been able to save our readers some time with this summary of the quite tough market outlooks for our esteemed financial community, so that they can then spend more time with family and friends in the run up to Christmas.

Patrick Cettier