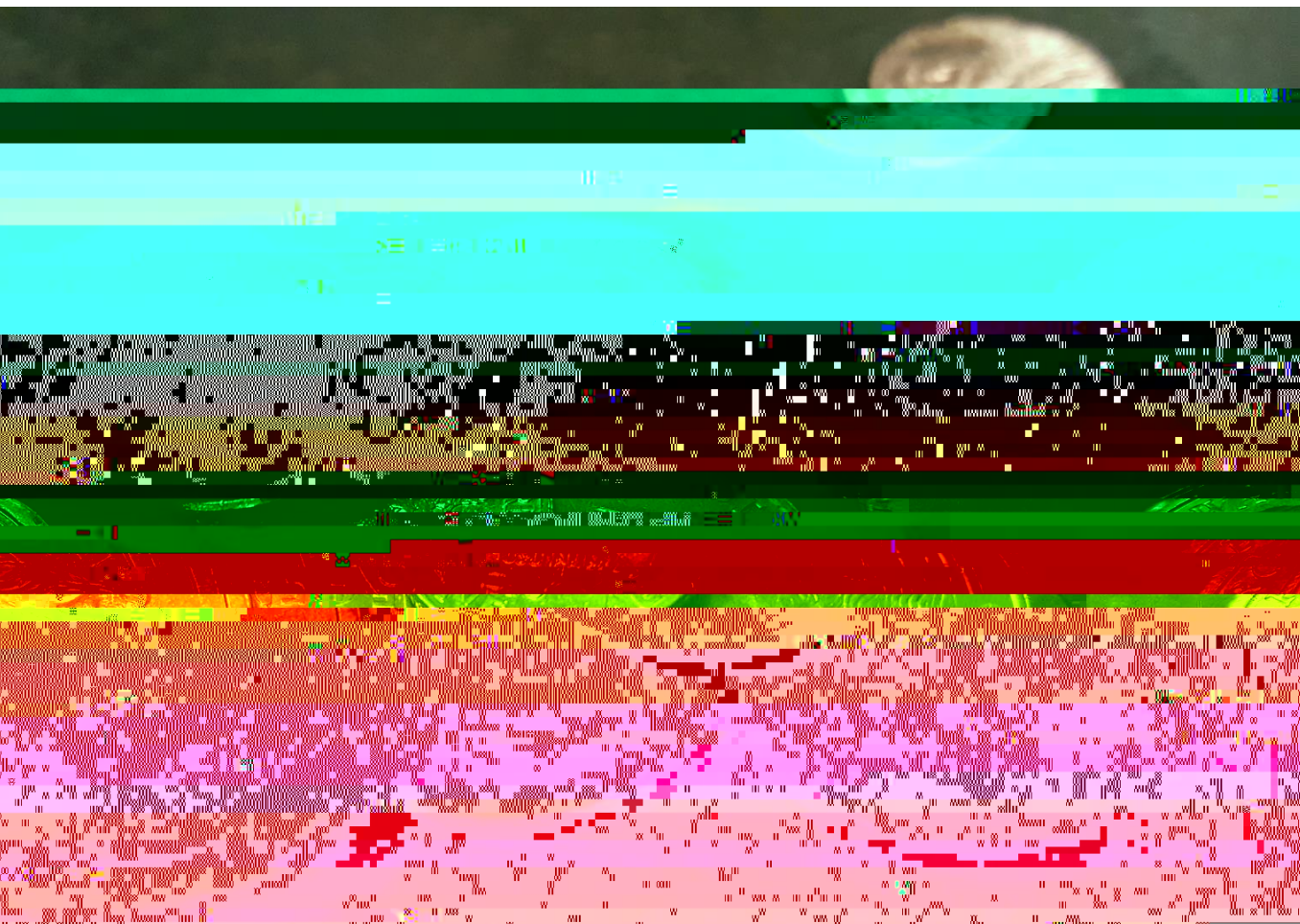


Macro economic views of the US and European market



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How does the macroeconomic and market outlook for US and Europe look like in 2017?

The economies of both US and Europe appear to be gaining strength. The US economy started to show positive signals in terms of inflation, employment and wage growth in 2016 itself and appears to extend the momentum in terms of real estate and consumer sector demand in 2017. European economies have shown improvement in both sentiment indicators and economic indicators, especially inflation, early on in 2017, and appear to continue the upward trajectory for the year.

Inflation up

Source: Reuters Eikon

Major central banks have also revised their growth expectations upwards for the year. Bank of England (BoE) has increased per cent forecast of 1.4 per cent, and also expects UK inflation to exceed its targeted 2 per cent mark in 2017 to touch 2.7 per cent by the end of the year. Bank of Japan (BoJ) too has upgraded its growth forecast for the Japanese economy, by raising the estimate for current fiscal to 1.4 per cent from 1.0 per cent projected in October. Further, for fiscal 2017, BoJ has raised growth forecast to 1.5 per cent from 1.1 per cent and for fiscal 2018 to 1.1 per cent

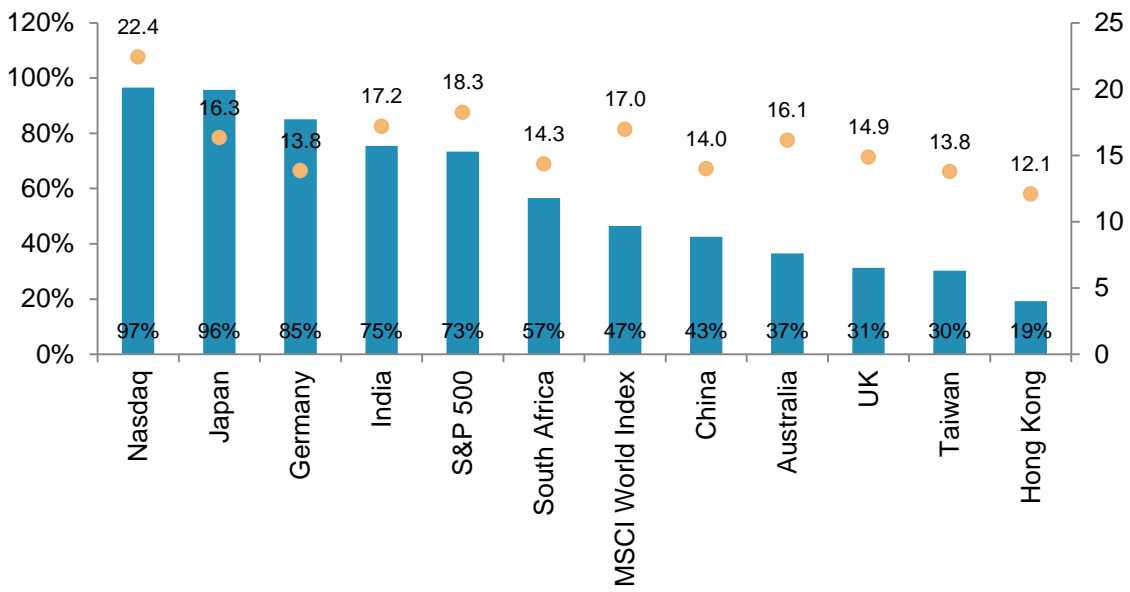
The Trump administration has so far promised substantial tax cuts, spending on infrastructure, defence and easing of regulations on banking industry. These have augured better prospects for companies related to the specific sectors and overall corporate environment in general. Some of the more debatable proposals – imposition of tariffs on goods from countries that compete with domestic products, a more stringent immigration policy, increased spending on defence and budget cuts in several departments – would also have their effects on the economy and will need to be studied in more detail as they are rolled out. As of March 2017, any concrete actions are not yet visible, as the administration grapples with challenges in getting key bills passed, in spite of Republican majority in both houses.

However, the

Under such circumstances, the path to a more consumer-driven or services-driven economy remains rocky. The government is trying its best for the transition to be a smoother experience, but frequent official interventions in some form or other are a regular feature of the Chinese economy. Till the economy resurges - based system with transparency of operations by government bodies and communication of policy, investors would continue to remain cautious about China, notwithstanding the exchange-connect initiative.

What are the prospects for major emerging market economies?

The emerging markets appear to be dealing with their own home-grown challenges, rather than



Source: Reuter Eikon; As of April 7, 2017

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