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LA STAMPA

QUOTIDIANO: TURIN

New developments from the United States and China shaping trends for the year-end

Private portfolios are looking to the last part of the year and trying to figure out which trends to follow. In the forefront are economic policy issues and the changes at the top of the US central bank. How might the market react to this move by Trump? "Jerome Powell's policies would follow in the same path as Yellen's. We expect a policy of shrinking the Fed's expansionary balance sheet and a slow rise in interest rates", says Luca Riboldi, Chief Investment Officer at Banor SIM.

Eyes are also looking to the Communist Party Congress in China. In addition to strengthening the current President's powers, it focused less on the quantity of growth and more on the quality, touching on issues like the environment, fighting corruption and the deleveraging of state-owned companies. "These measures could mean that for China, in the medium term, we won't be seeing economic growth rates as high as in the past, of around 7%", says Riboldi. "Projected growth is around 5%".

In the meantime, the growth of the global economy continues and Europe too is showing signs of better health. As far as the share component of private portfolios is concerned, the focus is always on opportunities. Caution comes first, however, and making the right selection is even more important right now. "The markets, in general, seem expensive to us but we're managing to find under-valued niches in some sectors, where value is still there to be found", says Riboldi. That's why we believe that the Long Short strategy is the best suited to grasp the greatest opportunities. In terms of asset allocation we've increased our focus on Japan, which has a longer-term expansionary monetary policy than the US and Europe. We still take a positive view of Italian domestic companies, with sectors like media and telecoms in the forefront. But our selections also include the construction and energy sectors. We maintain some exposure on China as we're still finding a slight discount with respect to the other markets".

Where bonds are concerned, the preference is for sovereigns and inflation-linked securities. "On high-yield products in general we take a negative stance", says the expert. "We prefer government bonds, especially US ones. We divide our allocation between fixed-rate and inflation-linked Treasury bonds".

Turning to liquidity, the outlook isn't very appealing. Euros are where the returns are right now. "Our suggestion is to keep liquidity invested in ultra-bland current accounts at zero or just above", says Riboldi. It's a different story, however, for liquidity in dollars, which is currently bringing positive returns. However, the currency risk, which could have a negative

effect, also needs to be considered. We need only think that at two years, the yield on dollar liquidity buying American government bonds is 1.6%”.

4 Billion

Is the amount under direct management by Banor, with over 1,000 clients.

2% 10-year BTPs

(Treasury bonds)
Is the return on the bond with one of the most popular durations.

Fed appointment and party congress in Beijing are the lead stories.



Left: Banor SIM's Luca Riboldi. Right: The bourse in Tokyo, Japan, which has an expansionary monetary policy.