



**CLARIS ADVISORS**



*Financial, Wealth & Corporate Advisory*

### **Mid- Year Outlook**

As we approach the second half of 2017, a brief review of the European and global macro-economic picture for the past 6 months is timely. Whereas the opening 6 weeks of 2016 saw a very heavy stock market sell-off with a pessimistic outlook for the major economies, the subsequent recovery and economic outlook for 2017 looks very different. The long awaited cyclical recovery in manufacturing, trade and investment is taking hold, despite geo-political uncertainty.

The economic data across the Euro zone is positive with strong consumer and business sentiment across the larger and smaller economies, driven by less austerity, rising employment, low oil prices and greater availability of cheap credit. The ECB is still committed to its asset purchase programme (€60bn of bonds per month), but continued favourable Eurozone data could signal a pare back and the beginning of the end of the ultra low interest rate environment.

The US, Pacific region and emerging market economies have all posted strong gains indicating that the global recovery is gaining momentum. The MSCI AC index which represents 23 developed and 23 emerging markets has advanced 20.8% in the past 12 months. The UK economy's stoic resilience to the Brexit vote is showing signs of waning with rising inflation (2.3%) and slowing wage growth affecting consumer spending. The UK benchmark FTSE 100 index is up 25% since the Brexit shock sell-off, partially as a hedge against a weaker £GBP as 70% of the revenues earned by FTSE 100 companies come from outside of the UK but report back in £GBP.

Domestically, Irish unemployment stands at just over 6% with growth in new jobs and the labour force (+1.6% since 2008). Irish GDP could grow by as much as 5% in 2017 (Davy Research). It remains to be seen whether this strong domestic growth can deliver on our well flagged infrastructural deficits, particularly in housing, healthcare and transport or whether bold new public and private sector initiatives are required.

Overall the 3-5 year outlook is positive and an ideal time to consider or revisit some medium to long term financial and retirement planning. Claris Advisors can assist you with any queries in this regard .

In the meantime enjoy the summer and let's hope it is as bright as our outlook above!

*Data above is sourced from Bloomberg as at market close 23/05/17. This circular is for information only for clients of Claris Advisors Ltd and is not intended to be comprehensive or a solicitation for the sale or purchase of any financial instrument or product, nor does it take into account the knowledge, experience, investment objectives or financial situation of any individual. Claris Advisors Ltd is regulated by the Central Bank of Ireland.*