

Market Outlook – October 2017

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Chief Investment Officer of John Bridgeman Limited, Stuart McAuliffe, stated today, "You may recall that we were bullish equities and a number of currencies against the USD from the start of the year. Sure, those trades were dramatic winners, but where to from here? We believe the following:

1. We were neutral on the ASX all year - but turned bullish on Aussie equities one week ago. It isn't our favourite market, but people kept asking so our response is that we see the ASX going higher.
2. Which markets will go up, then? The Kospi, the Hang Seng, the Nikkei, the DAX.
3. Which other markets will go up, but less? The FTSE, the NASDAQ 100, the CAC.
4. Global equities go higher by Christmas and then go way higher over the next couple of years with limited volatility.
5. People will keep warning you about debt, interest rates, wars, etc. It won't matter, equities will finish severely overvalued and we aren't even close yet. Right now, this is two people having a quiet glass of wine; these markets will finish in a veritable orgy. I look forward to it.
6. In currencies, the Aussie dollar flattens out around here, we are neutral.
7. The Euro and the Pound keep going higher, but that was a great call at the start of the year, less so now.
8. Emerging market currencies are the ones to chase - the Indian Rupee, some of the Asian currencies and the South African Rand all surprise on the upside as markets continue risk on and central bankers continue to reflate.
9. Rates stay ultra low despite the rhetoric. However, real estate gets killed anyway. With the over capitalization of properties, this will be pretty painful for investors. You thought you had an appreciating asset? Wrong, you'll get a flat to falling market and that pile of wood, steel, concrete and brick is depreciating every year sucking your maintenance dollars. Don't worry, the economy prospers anyway and it was a great run since 2012.
10. The Republicans deliver on tax reform, but the market is disappointed anyway and the US dollar continues falling as the Fed hesitates on rates.
11. Gold is the dark horse, demand surges out of China and India and speculators take over crunching tight supply and prices soar."



JOHN.BRIDGEMAN

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JOHN BRIDGEMAN LIMITED
ACN 603 477 185
(NSX:JBL)

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