

# Five key events that could shape the markets in 2019

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*For investors keeping an eye on the news, the agenda includes interest rates, trade, climate change and more.*

Now that the new year is upon us, holiday cheer is giving way to rising concerns over government disarray, possible regulation of large technology companies and deepening geopolitical rifts. A combination of persistent trade worries and another Fed interest rate hike in December have taken some of the wind out of the market's sails. Although it is impossible to predict with absolute certainty where the market is headed in 2019, these five events in the first half of the year will help tell the tale.

## January 22: World Economic Forum Annual Meeting



The leaders of more than 100 governments — as well as top executives from more than 1,000 major global companies — are convening in Davos-Klosters, Switzerland to discuss and define global, regional and industry agendas for the remainder of the year. At last year's gathering, the tension between long-standing globalization and rising nationalism/populism was in the spotlight. This year, expect more focused discussions on cybersecurity and the impact on society and business of technologies like AI, machine learning, robotics and the Internet of Things.



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#### January 29: U.S. Federal Reserve Meeting



On December 19, the Federal Reserve raised its benchmark interest rate and signaled that it expected to do more of the same in 2019. The move surprised many market watchers, given rising worries and President Trump's entreaties to hold the line. The Fed perceives robustness in the economy, despite recent economic strains that include deteriorating growth in the economies of China and Europe. The benchmark rate now resides between 2.25% and 2.5%.

#### March 29: The U.K. leaves the EU



Following the November 25, 2018 decision by the European Union to support the terms of U.K. Prime Minister Theresa May's plan for [Britain's exit from the EU](#), all eyes were on the U.K. Parliament to see if it would back the deal. And then the walls came tumbling down for May, who barely held on to her post as calls mounted for a second referendum on leaving the EU. The EU's treaties with the U.K. end on March 29, putting the country's economic standing in doubt. If U.K. Parliament doesn't approve the withdrawal treaty, the U.K. could exit the EU without a transition agreement, which both houses agree is unfavorable.

#### April 24: 6th World Congress on Climate Change and Global Warming



The world's top climatologists and economists are meeting in Vancouver, Canada to discuss how society and industry must adapt to a changing climate. In 2018, climate-related risk disclosures in company financial reports became mainstream following a series of eye-

opening studies, chief among them the United Nation's Intergovernmental Panel on Climate Change report indicating impactful threats to human health, food security, water supply and economic growth. Companies that fail to address climate change risks on supply chains, materials sourcing and property and equipment may incur reputational damage.

#### **August 2019: G-7 Summit**



Leaders of the world's most powerful economies will gather in Biarritz, France for the 45th G-7 Summit. At last year's summit, President Trump refused to sign a joint statement with allies of the U.S. and threatened to escalate his trade war. Although the agenda for the meeting is yet to be determined, given Mr. Trump's continuing comments on large tariffs imposed against U.S. industries, possible discussion topics are likely to include global trade. Other potential subjects include climate change, alleged Russian interference in global elections and social media platforms, the impact of a post-Brexit Europe and sanctions against Saudi Arabia for the planned assassination of journalist Jamal Khashoggi.

#### **Bottom line**

As these and other important geopolitical and macroeconomic events unfold in the next weeks and months, their impact on global markets will become clearer. But being informed about the what-ifs and the range of possible outcomes will at least help advisors and investors better prepare for the unexpected.



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