



## Looking ahead: three market scenarios

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So twice a year, we sit down to do what we call our five-year strategic forecast process. And we try to think about what are the big scenarios that are out there for the world, what are some of the probabilities that those different scenarios might happen, and what's going to happen in each of those scenarios. There's three key scenarios that we focused on for this past exercise. The first one is the global business-friendly environment. And that's really seeing some of the different themes that have played out since the U.S. election in 2016, continuing on. Every time we sat down to do this exercise for the last six months, one year, we felt that this probability continues to come down.

Another scenario in the markets right now, we think, is what we call the fiscal fade. The idea that all the different stimulus, which the government has pumped into the market, will continue to fade down and we will start to see more and more economic measures fall off, come down a little bit. And this isn't necessarily going to be great for markets in the long run.

The final scenario that is making a lot of headlines lately, is the idea of the trade war, or the protectionist policies. And it really is too soon right now to determine how this is going to play out. But the important idea is that there's a lot of volatility here. We never know exactly what's going to happen when we wake up this morning and see what the President wants to say. And that's really having some meaningful implications for market volatility.

Overall, we continue to believe that this could continue to be a bumpy ride for investors.

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