Market trends to watch in 2020

Investment specialists from across BNY Mellon Investment Management’s investment firms outline the main trends they will be keeping an eye on over the next 12 months.

“The key trends that we will see emerge in 2020 are really all focused around negative interest rates and its impact on the financial sector and the economy,” Vijay Rajguru, global CIO, Alcentra

“The risks for markets in 2020 are really around where are we starting?” April LaRusse, head of fixed income investment specialists, Insight.

“How stable the world economy remains or whether it continues to slump in to a slow in growth and how central bankers react to that,” Nick Clay, investment leader equity income team, Newton.

“Some of the key trends are obviously going to be dominated by the US elections, so there will be a lot of hype around pharmaceuticals, drug pricing, etc.” Suzanne Hutchins, Real Return team, Newton.

“The great thing about the healthcare sector is that there is always innovation and 2020 is going to be no different. There are going to be two major issues. One is US drug pricing and the other is how Americans access their healthcare.” Emily Heaven, healthcare analyst, Newton.

“We will keep an eye on what companies are saying in their regular update meetings about what demand they are seeing for their product,” April LaRusse, head of fixed income investment specialists, Insight.

“We are actually seeing a lot of retailers closing down smaller stores and making sure they have these big flagship stores. It’s creating an experience around the brand,” Lindsay Scott, investment manager, Walter Scott.

“The other area I think will continue to grow and evolve is in the area of climate change, environmental, social and governance issues,” Suzanne Hutchins, Real Return team, Newton.

“Understanding and incorporating ESG factors is critical to long term investment,” Murdo Maclean, investment manager, Walter Scott.

“There are some very strong secular trends within technology that are going to help drive returns. The first one being the digitization of data. In addition we believe that 5G is really hitting a tipping point in terms of its acceptance and mass adoption,” Leigh Todd, director of global equity research strategies, Mellon.

“I think one of the most exciting areas for industry 4.0 is the fact that they can bring a lot of what was previously done in a physical context in to the digital space. Much more efficient, potentially much more profitable and enables a lot faster evolution of product,” Murdo Maclean, investment manager, Walter Scott.

“There is a lot of noise around the trade deal with China and the US as well as obviously Brexit,” Suzanne Hutchins, Real Return team, Newton.

“Do we start to have a bifurcation in terms of technology between Asia and the US? We think that’s going to have a big impact in terms of the growth rates that technology companies experience,” Leigh Todd, director of global equity research strategies, Mellon.
"When we look at some of the head winds for small cap companies around both revenues and margins, we think those are poised to turn for the positive and that will be the catalyst for small cap stocks in 2020," John Porter, active equity CIO, Mellon.

“There will be volatility because of the macro economic backdrop but we expect muni rates to move to a lesser degree than treasury rates.” Dan Rabasco, head of municipal bonds, Mellon.

“In 2020, some of the volatility is going to come from elections and it’s going to come from a change of direction in Quantitative Easing. The share of capital has taken all the gains, and the share of labor has not participated, i.e the few have benefitted and not the many,” Nick Clay, investment leader equity income team, Newton.

“I think investors are guilty of paying too much attention to many signals out there. In our view a lot of this is just simply noise. From our perspective we really believe its companies not markets that drive investor wealth over the long term, and that is what we will focus on,” Murdo Maclean, investment manager, Walter Scott.

IMPORTANT INFORMATION

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MARK-89906-2019-11-26