



PRESS RELEASE / 12.8.14

Contact: Nicolette Botbol

Telephone +44 0203 3957033

www.statestreet.com

State Street Global Advisors: A Divergent World Creates Opportunities in 2015

Annual Global Market Outlook Identifies Key Areas for Meaningful Growth in the New Year

LONDON and BOSTON - December 8, 2014 – State Street Global Advisors (SSGA), the asset management arm of State Street Corporation (NYSE: STT), today announced that its global market outlook for 2015 anticipates that diverging global monetary policy will have an impact on every asset class, but poses interesting and diverse opportunities for proactive investors.

“Looking specifically at growth, we expect the US economy will likely accelerate to three percent,” said Bill Street, head of investments, Europe, Middle East and Africa (EMEA) at SSGA. “The eurozone should also grow, although only slightly faster than in 2014. In emerging markets the biggest influence, China, should grow by about seven percent, while those countries that pursue reform agendas offer the best potential.”

Fortune Favours Riskier Assets

- Improving economic and earnings environments bring opportunities, even in expensive markets. While the US appears fully valued, short-term momentum continues to favour dollar assets and even modest earnings increases will be supportive to US equity prices. At current valuations European and Asian markets offer an attractive entry point for long-term investors looking for greater upside potential.
- Divergent economic and monetary policy outlooks favour investors that adopt active strategies to harvest the most compelling opportunities.
- ETFs warrant consideration for efficient exposure to different market segments.

We (Still) Live in a Volatile World

- Despite the opportunities that still exist, investing in equities could be risky in 2015, due to the potential for increased volatility.
- As advanced economies follow increasingly divergent paths with their monetary policy and volatility rises, investors must ensure they appropriately protect their portfolios.

Reform Takes Center Stage in Emerging Markets

- A hot topic for the emerging market economies in 2015 is reform. Emerging markets rallied in part on the possibility of reform during elections across India, Indonesia and Brazil in 2014 and further support for reformers is expected going forward.
- Investors may want to consider taking an active investment approach, tilt allocations toward reformers and consider emerging market small caps for their domestic focus and dynamic growth potential.

Fixed Income and Currency – A Tight Squeeze in the Developed World

- We expect the US and the UK to begin tightening fiscal policy next year while the European Central Bank, China and Japan continue to stimulate growth.
- Investors can expect the US yield curve to flatten further as a rise in short-term rates is offset by overseas demand for longer-dated Treasuries.

Cautiously Optimistic on EMEA

- The International Monetary Fund downgraded the prospects for Germany, France and Italy in 2015 and doubled the probability to 38 percent that the eurozone will re-enter a recession within the next six months.
- European countries that have reformed in recent years can be an opportunity for investors looking to dividend yield and to profit from currency movements.

“Despite 2014 being marked as the year of recovery, very few countries witnessed this, with the exception of the US, which demonstrated a real resilience to market conditions and rising geopolitical tension,” continued Street.

“Nonetheless, investors must be mindful of increased volatility in equity markets as a result of divergent global monetary policies. An intelligent assessment of the divergent environment and its risks and opportunities will reward the astute investor in 2015.”

To download SSGA’s Global Market Outlook, please [click here](#).

About State Street Global Advisors

State Street Global Advisors (SSGA) is a global leader in asset management. The firm is relied on by sophisticated investors worldwide for its disciplined investment process, powerful global investment platform and access to every major asset class, capitalization range and style. SSGA is the asset management business of State Street Corporation, one of the world’s leading providers of financial services to institutional investors.

The views expressed in this material are the views of State Street Global Advisors through the period ended December 8, 2014 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

Investing involves risk including the risk of loss of principal.

CORP-1213