With the recent sell-off in equity markets and spike in volatility, many investors have been asking, “How should I position my portfolio in light of increasing uncertainty?”

In this edition of our CIO View, Asoka Wohrmann explores the impact of recent global growth woes. Specifically, he takes an in-depth look at the complex interplay of China, the Fed’s impending rate hike, and US economic growth. He also discusses what these conditions mean for various asset classes and our view that, for long-term investors, sharp pullbacks present many buying opportunities.

His nine positions are:
U.S. labor market continues to develop positively.
Increasing labor costs contribute to a rise in U.S. core inflation.
Increasing divergence in monetary policy.
Chinese currency becomes more susceptible to fluctuation.
Brazil to stay under pressure.
Weak oil price to reignite deflation concerns.
Europe’s slow but steady recovery on track.
Gold price to stay relatively stable.
Asset allocation of our balanced model portfolio for clients based in the Americas:
Fixed income: 40.5%, Equities: 48.5%, Alternatives: 10%, Commodities: 1%

If you wish to discuss where we see opportunity in current markets or how you can take advantage of the recent volatility spike, we will be happy to schedule a call. Additional pieces include:
Credit Strategy – Jim Reid, our global credit strategist, looks at interesting topical themes and potential opportunities that exist in credit markets. He first looks at the impact of commodity weakness on European credit, then moves onto decent value at the long-end of IG curves, and finally looks at how Euro credit has lost its valuation advantage relative to US/UK credit.
FX Research – Our Co-Head of FX research, George Saravelos, argues that 2015 will mark the peak in global FX reserve accumulation and discusses how this will affect global fixed income fields and the USD.
DB Special Report – Chief Economist Michael Spencer, Ph.D discusses recent market volatility driven by the Chinese equity market.

Paul Morris
Managing Director
Deutsche Bank Private Bank
Office [redacted]
Cell: [redacted]