



INVESTOR NEWSLETTER

January 2018



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New Year Greetings! Will 2018 see more crypto-craze or a crypto-crash? It's been hard enough making sense of the mysterious and valuable bitcoin, but there's a whole lot of others to read about! I have also included everything you need to know about Global Markets in 2018. Kind Regards, Sheryl.

BITCOIN WAS JUST SO LAST YEAR...

In the fast-moving world of cryptocurrencies, bitcoin already has rivals. Mainstream investors spent much of 2017 trying to figure out how to jump in on bitcoin, the digital currency that's seen its price balloon to as high as US\$19,000 (NZ\$27,000) in recent months. But even as many hope to make a quick buck by trading on the cryptocurrency's shifting value, many experts in the field have long been exploring other alternatives that could hold just as much promise. Here are a few crypto-assets that analysts say are worth watching. But remember: The risks here are equally great. As with other highly volatile assets, you might want to think twice about getting involved—unless you're willing to accept losing it all.

Bitcoin cash - You can think of bitcoin cash as bitcoin's faster and younger sibling. Functionally speaking, it works in much the same way: It's simply a form of digital cash you can use to buy real-world goods and services, such as a cup of coffee. But it was invented only last year after a number of developers working on regular bitcoin, or "bitcoin core" as some call it, divided they were unhappy with the direction the main project.

ZCash - One of bitcoin's original benefits was the promise of anonymity. But it was possible to identify a possible owner simply by analysing a particular bitcoin wallet's public transaction history. ZCash tried to solve that problem by encrypting not only the wallet information, as bitcoin does, but also by encrypting information about individual transactions as well—hiding it so that casual passers-by can't try to reverse-engineer who was paying whom, or even how much.

Monero - Monero is a bit like ZCash, but takes the additional step of mixing together online addresses of senders and recipients with other possible senders and recipients. Monero made headlines recently as a haven for criminal transactions.

Ripple - Created in 2012, Ripple is unlike some other crypto-assets. Instead of being controlled by a network of computers that otherwise have nothing to do with each other, as in the case of bitcoin. Ripple is managed by a single company based in California that wants to transform how international payments work. Ripple promises settlement in four seconds, and according to its website, foreign workers living in Japan are already using the platform to send money back home to Thailand.

Ethereum - Where bitcoin could disrupt traditional financial institutions by wresting the power to clear transactions away from big banks and governments, some say ethereum could do the same for apps and online services.

The bottom line - The ongoing frenzy surrounding the price of crypto-assets has some investors raising their eyebrows. Investing in crypto-assets may prove disastrous for many investors who leap before they look. But, he added, it's the technology behind the price swings that really matter.

Source: Washington Post

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GLOBAL MARKETS IN 2018

And just like that, the year in which we learned to live with late night Twitter rants from a U.S. president, record-high stock prices and the bitcoin bubble comes to a close. As we enter 2018, steadily rising assets and diminishing volatility have become the norm, global growth remains strong, and optimism prevails across asset classes. Yet now isn't the time for complacency. Between politics and popular trades losing lustre, there are boundless risks to keep you on your toes for the next 12 months. Here are some of the most important market themes -- both reassuring and unsettling -- to get you started.

Cooling Credit Rally - Sure, cries of a junk bond Armageddon have proved premature, with both high-yield and investment-grade bonds handing investors returns for the year, but plenty of risks threaten the upside in 2018. The Federal Reserve is unwinding its balance sheet, the European Central Bank is slowing purchases and forecasts show inflation may finally rise.

Ageing Business Cycle - If the U.S. economy can keep chugging along through the first quarter of 2018, it will match the second-longest expansionary period in modern history, according to data compiled by the National Bureau of Economic Research and Bloomberg Intelligence. That's helping to lift global economies, spurring optimism across markets. The Citigroup economic surprise index of major economies hovers just under its highest level since 2010 after a slew of data surpassed analyst expectations. In the year ahead, investors will have to assess the sustainability of the cycle amid risks of financial overheating and corporate America's levered balance sheets.

Mind the Elections - Rising global growth, the Fed's cautious approach to monetary tightening and a weaker dollar helped emerging-market currencies and stocks post their biggest returns in eight years in 2017. But it might not take much to knock that equilibrium, especially with Wall Street forecasting the biggest tightening of developed-world monetary policy in a decade. Investors will also have to manoeuvre around elections in countries that make up more than 50 percent of a Bloomberg Barclays developing-nation local bond index. While votes in countries like Russia are predictable, tight contests are on the cards for fellow market heavyweights like Brazil and Mexico.

Euro Rally Lives - As the euro heads toward its best annual run against the dollar in 14 years, options markets that price probabilities on the world's most traded currency pair point to the rally continuing in 2018. There's a two-thirds probability that it appreciates as high as \$1.229 by year end, while the odds that it rises to \$1.256 are even.

'Normal' Swaps - One of the stranger distortions created by post-crisis regulation may be poised to end. Swap rates, what companies pay to exchange their fixed interest payments for floating ones, are on track to rise back above Treasury yields across all maturities for the first time since 2014. Strategists predict Republicans' plans to roll back post-crisis regulatory burdens will make holding Treasuries more attractive, thus pushing yields below swap rates again. The shift matters because swap rates serve as a benchmark for a variety of debt instruments purchased with borrowed funds, including mortgage-backed and auto-loan securities.

Volatility Return - In 2017, investors were caught off guard by the near-complete absence of volatility. In 2018 they could get a wakeup call from price fluctuations roaring back to life. Over \$2 trillion in strategies are effectively reliant on market stability to generate returns, according to October estimates from Artemis Capital's Christopher Cole. That raises the risk of outsize losses across stock and bond markets around the world if volatility finally returns.

Fed Fresh Faces—Jerome Powell won't be the only new kid in class at the U.S. central bank next year. The "Big Three" (chair, vice chair and New York Fed president) will be completely different after Janet Yellen's stint in charge ends in February and the head of the New York Fed retires in the middle of the year. They'll have to weigh a tight labor market and sound economic data against muted consumer prices. How will they react if inflation roars back to life? And what if it remains stubbornly weak?

Yield Curve - The narrowing spread between short- and long-dated Treasuries continues to grab Wall Street's attention. A completely flat -- or inverted -- curve has the potential to roil bond trades, challenge the Fed's tightening path, and raises the risk of a downturn in the business cycle.

Don't Forget China - Two of the more remarkable moves in 2017 were soaring U.S. stocks and tumbling Chinese government bonds, according to a global analysis of historical price patterns that veer from the norm, known as standard deviations. While the S&P 500's valuation is endlessly analysed, the outlook for the world's largest emerging debt market is far less understood. Chinese bonds will come under pressure again in the first half of 2018 as the central bank tightens monetary policy and the government toughens financial regulations, according to Becky Liu, head of China macro strategy at Standard Chartered Plc. The rise in yields will attract domestic and foreign investors in the second half, she said.

Crypto Craze - How long can bitcoin's parabolic increase last? It depends who you ask.

Source: Bloomberg

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