

2019 Year Ahead Outlook

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David Woo

Head of Global Rates, FX & EM Fixed Income Strategy & Economics

BofA Merrill Lynch Global Research

What are your views on emerging markets in 2019 and what are the main stories?

Emerging markets are oversold and undervalued after a year of dramatic underperformance in 2018. This is why we think it won't take very much to do better in 2019. In our baseline scenario in which we will get some sort of resolution in the U.S.-China trade war sometime in Q1, this ought to trigger an instant rally in emerging markets that could last for at least a couple of months. However, emerging markets continue to face important headwinds next year. It will have to reckon with the end of ECB QE, continued Fed tightening, and a possibly slowing U.S. economy. This is a reason why we will recommend investors stay agile, opportunistic, and tactical when it comes to emerging markets.

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