

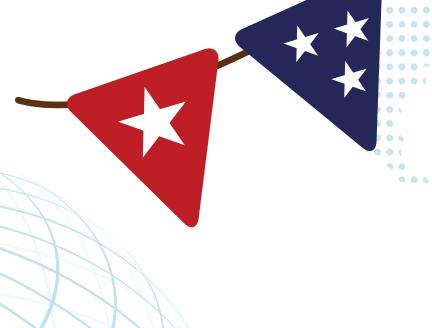
# 2019

## FX THEMES



### 01 Federal Reserve 2019 policy

With equity volatility at extreme levels in 2018, we could also be seeing the start of market destabilisation and a turn in the dollar. With Fed Reserve rate hikes, it appears the central bank is now on 'data watch'.



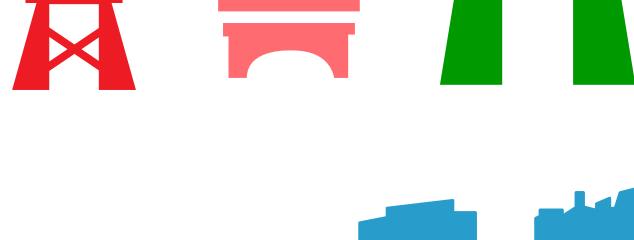
### 03 The US Economy

Trump's economic policies are starting to wane and the growth of US stocks and strong dollar are proving hard to sustain. The tightened Fed policy could negatively impact the value of the dollar in 2019, as also reflected in a lowering of growth forecasts in the USD this year.



### 02 US China Trade War

Recent data indicates cracks in Chinas economy, and events around large corporates and sanctions really does highlight the delicate tensions between the two largest economies. Although Trump's bullying tactics seem to be working, China is still in a strong position (e.g. the BRI initiative). Either way, both economies (and the rest of the world) stand with much to lose if no trade deal is secured.



### 04 Eurozone Issues

Europe has struggled in the past year, often hidden under the radar of other geopolitical situations. With Merkel and Draghi departing next year, seen as cornerstones of EU stability, as well as the ECB downgrading growth forecasts in 2019, we think the 2019 will be a challenging year for the euro.



### 05 UK and Brexit

With just 80 days until the UK is set to leave the EU, there is still uncertainty with what direction Brexit will take. With dramatic no-deal Brexit rehearsals and political bullying at full play, sterling's volatility will probably face yet another rollercoaster ride in the first half of 2019.



## CONCLUSION

There are a few key themes one might consider when looking into 2019. Of course, everything is subject to change, especially because we are in uncertain times that appear to be moving in different directions from one day to the next, but here are some of the key themes we see for 2019 at the time of writing.