

THE GLOBAL POLL PREDICTS US ECONOMY IS REBOUNDED



According to a Bloomberg poll, the US receives its highest rating from international investors in more than two year on the new optimism that the world's largest economy will weather the financial crisis in Europe and avoid a recession in 2012. More than two in five of those who were surveyed--nearly 41 percent--identify the US as among the markets that will perform best over the next year. That is up from less than one in three who reported as feeling that way in the month of September, and is the biggest percentage for the US since the survey began back in October of 2009. It's double that of the next two top-rated markets, Brazil and China, according to the quarterly Bloomberg Global Poll conducted December 5-6 of 1,097 investors, analysts and traders who are Bloomberg subscribers. The US "may not be in the best shape ever, but compared to others it should outperform," Alexis Laming, who is a poll respondent and associate director for Arab Bank (Switzerland) Ltd. in Geneva, says in an e-mail. It has "good growth potential for next year." According to the poll, less than a quarter of investors say they expect the US to relapse into recession within the next year. In September, half of those that were surveyed, forecasted a US economic contraction within that time frame. The US respondents are more optimistic about the American market than their counterparts overseas: More than half pick it as the best performing market for 2012 compared with a third of non-US investors who do the exact same. Investors also give a good vote of confidence in the US Treasury market. Seven of the ten say that Treasuries will remain the safest investment for at least the next year, while 47 percent say they anticipate the market will have that distinction for at least the next three years. European investors are the most skeptical about the US government bonds: Almost 40 percent say that the securities aren't the safest investment now. The poll follows the release of a series of stronger-than-forecast economic statistics in the US. Last month, the unemployment rate fell to 8.6 percent, its lowest level since March of 2009, while manufacturers reported that their business expanded in the month of November, at its fastest pace in five months. Still, the jobless number compares with the 5.0 percent rate at the very start of the last recession in December of 2007. According to the poll, the prospects for the global economy are also improving, though not as much as for the US. One of the three investors--almost 33 percent--says that they expect the world economy to fall into recession within the next year, down 10 percentage points from September. Stocks, especially the US shares, are the asset class of choice, which is based on the poll, Almost two of the five that were surveyed, identify equities as the investment that will offer the highest returns over the next year, while 43 percent say that they plan to increase their exposure to stocks (INDU) in the next six months. That is up from the 39 percent that it was in September.

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