



## Editorial Markets and Trends 2019

**AUTHOR**

Dr Gertrud R. Traud  
Chief Economist/  
Head of Research  
phone: +49 69/91 32-20 24  
research@helaba.de

**EDITOR**

Dr. Stefan Mitropoulos

**PUBLISHER**

Helaba  
Landesbank  
Hessen-Thüringen  
MAIN TOWER  
Neue Mainzer Str. 52-58  
60311 Frankfurt am Main  
Tel: +49 69/91 32-20 24  
Fax: +49 69/91 32-22 44

I belong to the generation of baby boomers. In terms of numbers, we make up the largest population cohort – at least in developed countries. We feel young and do not want to be associated with the concept of senior citizens. We are all too happy to follow the slogan of "50 is the new 40". Some even subtract another decade from it. But how fit are we really?

### Five factors

A person's fitness results from the interaction of several workout goals. Just lifting weights is not enough. Instead, a balance between the following five factors is needed: Endurance, strength, speed, coordination and flexibility. This is especially important for us "best agers" because, according to numerous studies, people who do sports live longer than couch potatoes.

Modern gyms have identified us as a target group. The original place where you pumped iron has evolved into one that focuses on all aspects of fitness. In addition to cardio and muscle training, it also offers back-strengthening and yoga courses, myofascial release and Pilates. So you can easily test for yourself how fit you are. But how fit is the global economy and how are the individual countries getting themselves into shape?

### Baseline scenario: global economy in the gym

In this year's baseline scenario, the global economy faces up to the challenges of the gym in 2019. What almost all countries have in common is limited flexibility. A decade after the financial crisis, indebtedness in developed countries remains high. Total debt in developing countries has also risen significantly in recent years. Private sector debt is currently higher than before the financial crisis almost everywhere – Germany is an exception, despite the real estate boom.

Although many nations are active in sports, they are concentrating their training routines on achieving short-term success. Speed, i.e. high growth rates, is the be-all and end-all. Expansionary fiscal policy increases the pace of growth while soaring indebtedness is tolerated, restricting flexibility. This seems to be Donald Trump's approach to working out so far. For the strongest economy on earth, we recommend an adjustment to their fitness routine, because more is not always better – sometimes it is not even good at all.

Coordination and endurance are the greatest challenges for most countries. The trick of mastering the former is to strike a balance between individual economic policy instruments. Even more difficult is the art of perseverance, i.e. pursuing a policy geared to sustainability. Unfortunately, it does not produce immediate results. On the contrary, oftentimes they only become apparent when another government has long since taken the reins. This is what policymakers must learn to endure. Since progress in a workout routine only comes with time, but muscle ache sets in immediately, a certain tolerance for frustration is required.

Besides high levels of debt and a more restrictive monetary policy and rising interest rates in many countries, political uncertainty, a simmering trade war and a slowdown in some economies are currently leading to signs of fatigue. To start working out in this environment requires enormous mental fortitude. For this reason, a personal fitness coach is advisable for some countries. He or she provides strict guidelines and makes sure that you hang in there, even if your motivation drops off or if it becomes painful. The EU Commission probably feels like such a coach with Italy at the moment.

This publication was very carefully researched and prepared. However, it contains analyses and forecasts regarding current and future market conditions that are for informational purposes only. The data is based on sources that we consider reliable, though we cannot assume any responsibility for the sources being accurate, complete, and up-to-date. All statements in this publication are for informational purposes. They must not be taken as an offer or recommendation for investment decisions.

### Workout to yield first positive results as early as 2019

The moderate price of crude oil is helping to sustain economic growth in buyer countries. In combination with a higher euro exchange rate, this will particularly benefit the euro area. Some emerging countries will be given a workout routine by the IMF, while others will motivate themselves and push ahead with reforms. Precisely because some countries will start to sweat, initial results will already be seen in the course of 2019. Economic momentum in the euro area and emerging markets will pick up somewhat. This will benefit their respective stock markets and currencies.

To raise your fitness level, you don't necessarily have to go to a gym. Most activities can also be carried out at home, in the park or in fields, woods and meadows. The countries we have selected have very special fitness techniques. In the United States, many are passionate about wrestling, while Russia is focusing on cognitive training with chess. The Chinese are using tai chi to slow things down. In our publication "[Market and Trends 2019: Global economy in the gym](#)" you will find additional countries and their corresponding sporting activities. ■