



There's Wealth in Our Approach

Global Insights for 2012

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Bold Predictions of the Past...

- *The Death of Equities*
BusinessWeek, August 13, 1979
- *Drowning in Oil*
The Economist, March 6, 1999
- *Home \$weet Home*
Time, June 13, 2005
- *Is this really the end?*
The Economist, November 26, 2011





Market Outlook: Three Areas of Concern for 2012

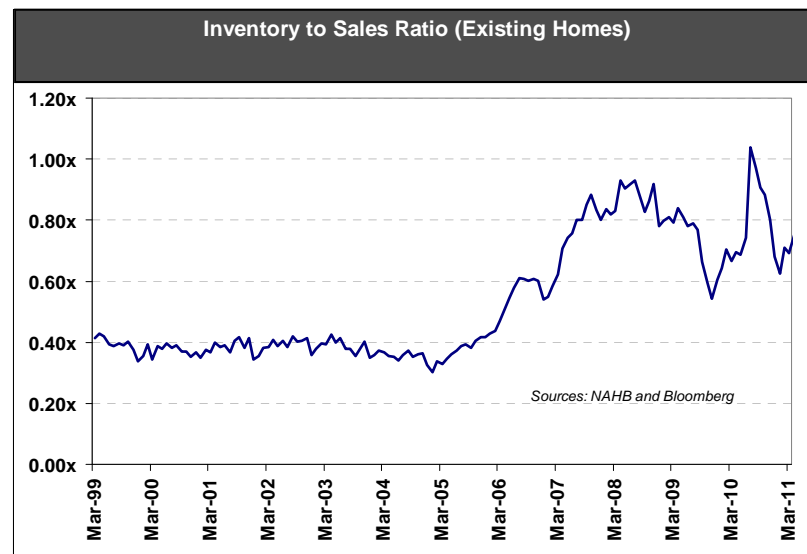
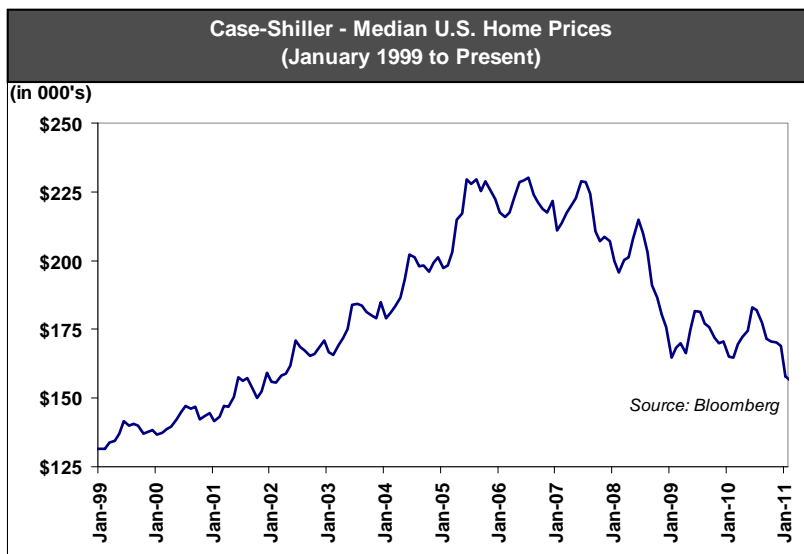
1. Slow growth of the U.S. economy
2. Apparent recession in Europe
3. Chinese economy's extended period of adjustment





U.S. Housing: Stability Sooner, Recovery Later

- U.S. housing slump now in its sixth year
- Housing is a key driver of U.S. GDP, as well as job creation
- Signs of life in supply and demand
- Easier credit conditions and confidence could speed up recovery process





European Sovereign Debt Crisis

- Borrowing costs are a major concern
- Slowly but surely moving toward a tighter fiscal union
- European Central Bank's 3-year liquidity and lending program has bought the region's banks some time
- Eurozone banks still need to improve balance sheets and raise capital – long process that could cause credit crunch





China: Holding All the Keys?

- An export-driven country not immune to slowdown in global growth
- Domestic economy under tight monetary policy
- Two important engines for Chinese growth:
 - Domestic consumption
 - Investment spending
- Move from controlling inflation to protecting growth



Oil Market Outlook

- Tight supply conditions expected to remain high
- Continued growth in demand from emerging economies may drive consumption to all-time high
- Conditions argue for continued upward price trend
- With Europe in recession, however, it is better to be prudent in long-term outlook





U.S. Presidential Election

- Year four of a U.S. President's term is historically good for stocks
- Political turmoil can cause market disruptions
- Too soon to tell...





What to Watch in 2012

- Another challenging year for the U.S. and global economies
- The latter stage of a recovery cycle has historically been quite strong
- Will history repeat itself?





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