

Monetary easing is a blessing for capital markets



DOHA DATELINE

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THE GLOBAL CAPITAL markets have begun positively in 2013.

S&P crossed five-year high in January 2013 amid better-than-forecast initial jobless claims. FTSE also passed a five-year high on hopes of easing and government bond sales in UK. China's HSBC flash purchasing managers' index (PMI) rose to 51.9 in January to a two-year high, which signalled a rebound in manufacturing activity and improvement in German confidence also gave hopes that Germany will put behind the lean patch. Except Brazil all major global markets have a good start this year.

The global economic growth for 2013 is a concern with IMF recently predicting that global economy would grow by 3.5 per cent in 2013 and 4.1 per cent in 2014 respectively, which is 0.1 per cent less than the earlier forecast. Growth has been revised marginally down-

wards across all major developed economies such as US, Europe, UK and Canada, however, the major downward revision is in eurozone. Emerging and developing economies growth has also been marginally revised down. Capital markets rallies have not been impacted on account of recent revised global growth forecasts. The easing measures from US and Japan have given stimulus for these market rallies. The US Federal Reserve has committed to keep rates low and continue with QE4. UK runs a risk of triple dip recession however FTSE has still gone up on account of expectations of continued monetary easing from Bank of England.

The GCC capital markets have also begun the new year on a good note with Dubai and Abu Dhabi leading the GCC performance on better results. This was followed by Kuwait, which has also arose on optimism of



Traders work on the floor of the New York Stock Exchange on Friday. US stocks rallied sending the Dow Jones Industrial Average above 14,000, as data showed hiring increased in January. — Bloomberg

results across companies and political stability. Qatar market has arose with banking, telecom and industrial sectors being the major contributors Saudi market also rose.

In the currency market the euro has strengthened above 1.35 against the dollar. The British pound which had earlier weakened on concerns of slowdown in UK economy, recov-

ered to 1.58. Japanese yen had weakened against the dollar after the easing measures announced the Bank of Japan and is above 90 against the dollar.

The writer is the group chief executive officer at Doha Bank. Views expressed are his own and do not reflect the newspaper's policy