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## Press Release

Amsterdam, 22 March 2011

### **ABN AMRO: Global economic recovery fundamentals tested but not compromised by oil price surge and Japanese disaster.**

The consumer led recovery of the global economy will be tested but not compromised by the extraordinary conjunction of recent events in Japan alongside the surging oil price on Middle East unrest, according to the latest quarterly investment outlook from ABN AMRO Private Banking.

“Contrary to conditions surrounding previous oil shocks, current events are occurring against a backdrop of increasing economic momentum. We foresee only a moderate oil-supply disruption with limited impact on global growth – without excluding the prospect of an extreme scenario,” said Didier Duret, Chief Investment Officer of ABN AMRO Private Banking, in the report entitled *‘Transition mode’*.

Anticipation of monetary policy tightening is another important driver, although the bank believes inflation fears in developed countries are overplayed - reducing the likelihood of dramatic interest rate increases which might impact revived consumer spending and employment conditions. It expects the price of oil to return to an average USD95 per barrel within the second half of the year.

“Our investment focus is to resolve the dilemma of maintaining active exposure to ongoing economic recovery and the corporate sector, whilst reducing overall portfolio risk,” Duret.

The bank’s recent move from Overweight to Neutral in equities in favour of cash allows flexibility to deal with uncertainty. It remains positive on the Energy, IT and Consumer Discretionary sectors and Overweight in Latin American and Chinese equities: “Current volatility creates the potential to accumulate underperforming emerging market equities”.

In fixed income, the bank recommends covered bonds, high-yield bonds and high grade corporate bonds. It believes government bonds remain at risk as central banks move away from hyper-stimulative monetary conditions. For risk diversification, the bank recommends event driven, relative value and CTA hedge funds. The bank urges profit taking in convertible bonds, emerging market bonds and real estate.

Precious metals maintain safe haven momentum but the bank notes the low gold/ silver ratio, pointing to a potential reversal in silver. Prices will be tested by interest rate rises and as Middle East tensions ease.

*ABN AMRO Private Banking is the international wealth-management division of ABN AMRO Bank, with EUR164 bln of total assets under management, offering more than 120,000 high-net-worth individuals a full range of banking, investment management, financial and estate planning products and solutions. Our domestic and international offices in 13 markets worldwide employ over 4,000 professionals and include the respected private banks ABN AMRO MeesPierson in the Netherlands, Delbrueck Bethmann Maffei in Germany and Neuflyze OBC in France. We rank amongst the top 10 private banks in Europe and enjoy a strong position in Asia. Visit us at [www.abnamroprivatebanking.com](http://www.abnamroprivatebanking.com)*

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