

10 "fearless" predictions for 2018

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It is the time of the year when those of us in the forecasting business like to lay out our expectations for the coming year. Here are mine:

1. The US share markets will go to all-time record highs.
2. US interest rates will rise.
3. Geopolitical tensions will keep investors on edge.
4. The Australian economy will create a new world record for the number of consecutive years without a recession.
5. Equity markets will be more volatile than 2017.
6. Australian equities will nonetheless produce positive returns for a remarkable 7th year in a row.
7. Australian cash rates will not rise above 2%.
8. Australian residential property prices will not collapse.
9. Australian commercial property will produce solid returns.
10. Most active managers will struggle to beat their benchmarks.

Ok, these forecasts are "fearless" only in the sense that they are not very brave!

However, unlike the majority of predictions we see at this time of year, my forecasts have a very high chance of being largely correct – because they aren't very brave. They either reflect what is already known, or I've expressed them so vaguely as to say very little.

Are they useless? To professional investors, yes. However, for lay people, there is some useful information here. Interest rates will go up a little but not enough to worry about, a recession is unlikely, growth assets will have their usual ups and downs but should still outperform cash. Stay the course – for now.



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