



2020 Global Market Outlook

Investors will need to be “comfortable with the uncomfortable” to seek out potential opportunities in 2020. Economic uncertainty, political turmoil, and technology disruption are all risks that could challenge global markets. Attractive opportunities exist, but skillful security selection backed by in-depth fundamental research is likely to be critical to success.

Four Key Themes in 2020

Challenges to Global Growth

Key central banks appear to have put the global economy back on a growth path, but the strength of the upturn is still unclear.

Central Banks and the Search for Yield

Low or even negative yields create duration risk, but opportunities can still be found in corporate bonds and other credit sectors.

Disruption 4.0

Innovation, technological change, and automation are transforming business models across the entire global economy.

Politics, Populism, and Policy

A variety of geopolitical risks, including elections, trade, and political unrest, are likely to impact global markets.

Challenges to Global Growth

- Central Banks and the Search for Yield
- Politics, Populism, and Policy

UNITED STATES

Inequality is fueling populism on the right and a progressive tilt on the left—the latter may pose the more immediate risk to investors.

Consumers continue to drive growth, but sluggish capital spending could keep the brakes on earnings momentum.

LATIN AMERICA

Populists from opposite sides of the political spectrum have taken power in Mexico, Argentina, and Brazil, while protests in Chile have forced increased pension benefits.

The currency crisis in Argentina (and in Turkey) has failed to spread to other emerging markets, demonstrating how the asset class has matured.

Disruption 4.0

Innovators are increasingly taking market share from legacy companies.



GERMANY

The slowdown in global trade has badly hurt manufacturers, but a bigger problem for equity investors may be negative lending margins for banks.

Growth remains constrained, but fiscal stimulus could help. Berlin is considering cutting Germany's corporate tax rate from 32% to 25%.

UNITED KINGDOM

Completing Brexit passage might harm growth longer term, but reduced uncertainty could help UK equities and the pound.

NIGERIA

The economy has suffered as a result of the closure of the country's land borders to tackle smuggling.

SOUTH AFRICA

Financial troubles have pushed state-owned utility Eskom to the brink of collapse and have raised concerns that the country could lose its investment-grade credit rating.

ITALY

Support is eroding for Italy's anti-establishment Five Star Party, threatening the country's most recent coalition government.

Negative yields elsewhere in Europe have pushed Italian yields to record lows despite a worsening fiscal situation.

RUSSIA

Spending on President Vladimir Putin's 13 “national projects” could boost growth, but sanctions are likely to continue and may even become tougher.

INDIA

Growth is being hampered by rising food costs and a deteriorating fiscal situation.

Following his landslide reelection in early 2019, Prime Minister Narendra Modi has struggled to spur investment. His Bharatiya Janata Party has fared poorly in regional elections.

INDONESIA

President Joko Widodo is seeking to boost foreign investment and curb a slowdown in growth through economic reforms, including cutting corporate taxes and easing labor restrictions.

Critics complain that Widodo is prioritizing his economic agenda over democratic reforms and fighting corruption.

CHINA

Growth is likely to continue decelerating in 2020, only partially due to the trade war. High debt levels and aging demographics also weigh.

Curbing excess debt in the financial system is likely to take priority over stimulating credit and spending.

JAPAN

The Bank of Japan is likely to continue quantitative easing, but the economy remains vulnerable to the global economic cycle.

A recent increase in the value-added tax has weighed on consumers, but spending should stabilize in the near term.

HONG KONG

Mass protests have evolved into a smaller and more radical movement demanding democratic political reforms.

AUSTRALIA

The worst housing crash in over a century was partly to blame for Australia's slowest growth in nearly three decades in 2019, but home prices have begun to recover in major cities.

The Reserve Bank of Australia cut rates to record lows in 2019, but the bank expects tax cuts and infrastructure spending to support growth in 2020.

Key Industries at Risk



Important Information This material is being furnished for general informational purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. Past performance is not a reliable indicator of future performance. The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested. This material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction. Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date written and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price. The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction. **Australia**—Issued in Australia by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. For Wholesale Clients only. **Brunei**—This material can only be delivered to certain specific institutional investors for informational purpose upon request only. The strategy and/or any products associated with the strategy has not been authorised for distribution in Brunei. No distribution of this material to any member of the public in Brunei is permitted. **Canada**—Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services. **China**—This material is provided to specific qualified domestic institutional investor or sovereign wealth fund on a one-on-one basis. No invitation to offer, or offer for, or sale of, the shares will be made in the People's Republic of China (“PRC”) (which, for such purpose, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) or by any means that would be deemed public under the laws of the PRC. The information relating to the strategy contained in this material has not been submitted to or approved by the China Securities Regulatory Commission or any other relevant governmental authority in the PRC. The strategy and/or any product associated with the strategy may only be offered or sold to investors in the PRC that are expressly authorized under the laws and regulations of the PRC to buy and sell securities denominated in a currency other than the Renminbi (or RMB), which is the official currency of the PRC. Potential investors who are resident in the PRC are responsible for obtaining the required approvals from all relevant government authorities in the PRC, including, but not limited to, the State Administration of Foreign Exchange, before purchasing the shares. This document further does not constitute any securities or investment advice to citizens of the PRC, or nationals with permanent residence in the PRC, or to any corporation, partnership, or other entity incorporated or established in the PRC. **DIFC**—Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd. This material is communicated on behalf of T. Rowe Price International Ltd. by its representative office which is regulated by the Dubai Financial Services Authority. For Professional Clients only. **EEA ex-UK**—Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à.r.l. 35 Boulevard du Prince Henri 1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only. **Hong Kong**—Issued in Hong Kong by T. Rowe Price Hong Kong Limited, 6/F, Chater House, 8 Connaught Road Central, Hong Kong. T. Rowe Price Hong Kong Limited is licensed and regulated by the Securities & Futures Commission. For Professional Investors only. **Indonesia**—This material is intended to be used only by the designated recipient to whom T. Rowe Price delivered; it is for institutional use only. Under no circumstances should the material, in whole or in part, be copied, redistributed or shared, in any medium, without prior written consent from T. Rowe Price. No distribution of this material to members of the public in any jurisdiction is permitted. **Korea**—This material is intended only to Qualified Professional Investors upon specific and unsolicited request and may not be reproduced in whole or in part nor can they be transmitted to any other person in the Republic of Korea. **Malaysia**—This material can only be delivered to specific institutional investor upon specific and unsolicited request. The strategy and/or any products associated with the strategy has not been authorised for distribution in Malaysia. This material is solely for institutional use and for informational purposes only. This material does not provide investment advice or an offering to make, or an inducement or attempted inducement of any person to enter into or to offer to enter into, an agreement for or with a view to acquiring, disposing of, subscribing for or underwriting securities. Nothing in this material shall be considered a making available of, solicitation to buy, an offering for subscription or purchase or an invitation to subscribe for or purchase any securities, or any other product or service, to any person in any jurisdiction where such offer, solicitation, purchase or sale would be unlawful under the laws of Malaysia. **New Zealand**—Issued in New Zealand

by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. No interests are offered to the public. Accordingly, the interests may not, directly or indirectly, be offered, sold or delivered in New Zealand, nor may any offering document or advertisement in relation to any offer of the interests be distributed in New Zealand, other than in circumstances where there is no contravention of the Financial Markets Conduct Act 2013. **Philippines**—THE STRATEGY AND/OR ANY SECURITIES ASSOCIATED WITH THE STRATEGY BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE OF THE STRATEGY AND/OR ANY SECURITIES IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE. UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION. **Singapore**—Issued in Singapore by T. Rowe Price Singapore Private Ltd., No. 501 Orchard Road, #10-02 Wheelock Place, Singapore 238890. T. Rowe Price Singapore Private Ltd. is licensed and regulated by the Monetary Authority of Singapore. For Institutional and Accredited Investors only. **South Africa**—T. Rowe Price International Ltd (“TRPL”) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act, 2002 (FISP Licence Number 31935), authorised to provide “intermediary services” to South African investors. **Switzerland**—Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 8th Floor, 8001 Zurich, Switzerland. For Qualified Investors only. **Taiwan**—This does not provide investment advice or recommendations. Nothing in this material shall be considered a solicitation to buy, or an offer to sell, a security, or any other product or service, to any person in the Republic of China. **Thailand**—This material has not been and will not be filed with or approved by the Securities Exchange Commission of Thailand or any other regulatory authority in Thailand. The material is provided solely to “institutional investors” as defined under relevant Thai laws and regulations. No distribution of this material to any member of the public in Thailand is permitted. Nothing in this material shall be considered a provision of service, or a solicitation to buy, or an offer to sell, a security, or any other product or service, to any person where such provision, offer, solicitation, purchase or sale would be unlawful under relevant Thai laws and regulations. **UK**—This material is issued and approved by T. Rowe Price International Ltd., 60 Queen Victoria Street, London, EC4N 4TJ which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only. **USA**—Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.